UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended June 30, 2015

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 1-671

GRAHAM HOLDINGS COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**53-0182885**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1300 North 17th Street, Arlington, Virginia	**22209**
(Address of principal executive offices)	**(Zip Code)**

(703) 345-6300
(Registrant's telephone number, including area code)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒. No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒. No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐. No ☒.

Shares outstanding at July 31, 2015:

Class A Common Stock – 964,001 Shares
Class B Common Stock – 4,876,593 Shares

GRAHAM HOLDINGS COMPANY

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Operating Revenues				
Education	**$ 523,625**	$ 542,964	**$ 1,024,227**	$ 1,065,118
Subscriber	**188,022**	187,723	**375,619**	378,851
Advertising	**77,457**	82,475	**151,484**	160,722
Other	**90,467**	61,249	**174,389**	106,261
	879,571	874,411	**1,725,719**	1,710,952
Operating Costs and Expenses				
Operating	**383,891**	395,627	**766,968**	772,090
Selling, general and administrative	**334,218**	322,240	**687,420**	647,515
Depreciation of property, plant and equipment	**61,014**	51,989	**119,559**	105,206
Amortization of intangible assets	**4,677**	2,995	**9,446**	5,712
Impairment of long-lived assets	**6,876**	—	**6,876**	—
	790,676	772,851	**1,590,269**	1,530,523
Income from Operations	**88,895**	101,560	**135,450**	180,429
Equity in (losses) earnings of affiliates, net	**(353)**	91,503	**(757)**	95,555
Interest income	**338**	641	**897**	1,240
Interest expense	**(9,631)**	(8,557)	**(18,152)**	(17,377)
Other income, net	**11,678**	268,114	**10,573**	401,387
Income from Continuing Operations Before Income Taxes	**90,927**	453,261	**128,011**	661,234
Provision for Income Taxes	**32,500**	78,600	**47,000**	156,000
Income from Continuing Operations	**58,427**	374,661	**81,011**	505,234
Income (Loss) from Discontinued Operations, Net of Tax	**—**	375,189	**(784)**	376,921
Net Income	**58,427**	749,850	**80,227**	882,155
Net (Income) Loss Attributable to Noncontrolling Interests	**(434)**	499	**(1,208)**	718
Net Income Attributable to Graham Holdings Company	**57,993**	750,349	**79,019**	882,873
Redeemable Preferred Stock Dividends	**(211)**	(212)	**(631)**	(638)
Net Income Attributable to Graham Holdings Company Common Stockholders	**$ 57,782**	$ 750,137	**$ 78,388**	$ 882,235
Amounts Attributable to Graham Holdings Company Common Stockholders				
Income from continuing operations	**$ 57,782**	$ 374,948	**$ 79,172**	$ 505,314
Income (loss) from discontinued operations, net of tax	**—**	375,189	**(784)**	376,921
Net income attributable to Graham Holdings Company common stockholders	**$ 57,782**	$ 750,137	**$ 78,388**	$ 882,235
Per Share Information Attributable to Graham Holdings Company Common Stockholders				
Basic income per common share from continuing operations	**$ 9.92**	$ 50.39	**$ 13.61**	$ 67.97
Basic income (loss) per common share from discontinued operations	**—**	50.41	**(0.14)**	50.68
Basic net income per common share	**$ 9.92**	$ 100.80	**$ 13.47**	$ 118.65
Basic average number of common shares outstanding	**5,720**	7,284	**5,712**	7,280
Diluted income per common share from continuing operations	**$ 9.87**	$ 50.22	**$ 13.53**	$ 67.74
Diluted income (loss) per common share from discontinued operations	**—**	50.26	**(0.13)**	50.52
Diluted net income per common share	**$ 9.87**	$ 100.48	**$ 13.40**	$ 118.26
Diluted average number of common shares outstanding	**5,805**	7,363	**5,798**	7,361

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Net Income	**$ 58,427**	$ 749,850	**$ 80,227**	$ 882,155
Other Comprehensive Loss, Before Tax				
Foreign currency translation adjustments:				
Translation adjustments arising during the period	**5,249**	1,920	**(6,839)**	2,666
Adjustment for sales of businesses with foreign operations	**(484)**	—	**(525)**	—
	4,765	1,920	**(7,364)**	2,666
Unrealized (losses) gains on available-for-sale securities:				
Unrealized (losses) gains for the period, net	**(11,455)**	8,667	**(20,333)**	36,405
Reclassification adjustment for realization of (gain) loss on exchange, sale or write-down of available-for-sale securities included in net income	**—**	(266,059)	**—**	(265,274)
	(11,455)	(257,392)	**(20,333)**	(228,869)
Pension and other postretirement plans:				
Amortization of net prior service cost (credit) included in net income	**70**	(102)	**139**	(204)
Amortization of net actuarial loss (gain) included in net income	**628**	(7,425)	**1,257**	(14,607)
	698	(7,527)	**1,396**	(14,811)
Cash flow hedge gain	**—**	239	**179**	411
Other Comprehensive Loss, Before Tax	**(5,992)**	(262,760)	**(26,122)**	(240,603)
Income tax benefit related to items of other comprehensive loss	**4,303**	105,874	**7,505**	97,308
Other Comprehensive Loss, Net of Tax	**(1,689)**	(156,886)	**(18,617)**	(143,295)
Comprehensive Income	**56,738**	592,964	**61,610**	738,860
Comprehensive (income) loss attributable to noncontrolling interests	**(434)**	499	**(1,208)**	718
Total Comprehensive Income Attributable to Graham Holdings Company	**$ 56,304**	$ 593,463	**$ 60,402**	$ 739,578

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	As of June 30, 2015 (Unaudited)	As of December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	$ 1,219,334	$ 772,751
Restricted cash	25,848	24,898
Investments in marketable equity securities and other investments	200,850	226,752
Accounts receivable, net	533,144	571,357
Deferred income taxes	8,416	934
Inventories and contracts in progress	12,019	11,309
Other current assets	94,424	81,462
Current assets held for sale (includes $0 and $1,235 of cash, respectively)	18,999	1,240
Total Current Assets	2,113,034	1,690,703
Property, Plant and Equipment, Net	819,343	860,829
Investments in Affiliates	50,898	19,811
Goodwill, Net	1,325,761	1,348,710
Indefinite-Lived Intangible Assets, Net	510,966	516,753
Amortized Intangible Assets, Net	86,820	96,947
Prepaid Pension Cost	1,175,521	1,152,488
Deferred Charges and Other Assets	72,539	65,258
Noncurrent Assets Held for Sale	27,058	820
Total Assets	$ 6,181,940	$ 5,752,319
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 502,312	$ 464,342
Income taxes payable	8,230	128,895
Deferred revenue	348,856	410,146
Dividends declared	15,669	—
Short-term borrowings	7,537	46,375
Current liabilities held for sale	21,140	1,034
Total Current Liabilities	903,744	1,050,792
Postretirement Benefits Other Than Pensions	38,325	37,962
Accrued Compensation and Related Benefits	239,804	244,082
Other Liabilities	74,958	91,789
Deferred Income Taxes	757,542	754,960
Long-Term Debt	947,219	399,545
Noncurrent Liabilities Held for Sale	7,849	—
Total Liabilities	2,969,441	2,579,130
Redeemable Noncontrolling Interest	23,129	21,904
Redeemable Preferred Stock	10,510	10,510
Preferred Stock	—	—
Common Stockholders' Equity		
Common stock	20,000	20,000
Capital in excess of par value	311,901	303,789
Retained earnings	6,040,539	6,008,506
Accumulated other comprehensive income, net of tax		
Cumulative foreign currency translation adjustment	1,184	8,548
Unrealized gain on available-for-sale securities	39,931	52,130
Unrealized gain on pensions and other postretirement plans	393,748	392,910
Cash flow hedge	—	(108)
Cost of Class B common stock held in treasury	(3,628,443)	(3,645,476)
Total Common Stockholders' Equity	3,178,860	3,140,299
Noncontrolling Interests	—	476
Total Equity	3,178,860	3,140,775

Total Liabilities and Equity	**$ 6,181,940**	$ 5,752,319

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six Months Ended June 30 2015	2014
Cash Flows from Operating Activities		
Net Income	**$ 80,227**	$ 882,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	**119,559**	106,822
Amortization of intangible assets	**9,446**	6,441
Intangible and other long-lived assets impairment charges	**6,876**	7,774
Net pension benefit	**(22,872)**	(34,433)
Early retirement program expense	**—**	4,490
Stock-based compensation expense, net	**13,843**	6,100
Foreign exchange loss (gain)	**3,219**	(7,946)
Net gain on sales and disposition of businesses	**(8,158)**	(358,963)
Net loss (gain) on disposition or write-downs of marketable equity securities and cost method investments	**250**	(266,423)
Gain on sale of equity affiliate	**(4,827)**	—
Equity in losses (earnings) of affiliates, net of certain distributions	**948**	(98,555)
(Benefit) provision for deferred income taxes	**(1,858)**	3,880
Net loss (gain) on sales or write-downs of property, plant and equipment	**1,258**	(119,086)
Change in assets and liabilities:		
(Increase) decrease in restricted cash	**(1,635)**	47,686
Decrease in accounts receivable, net	**26,950**	32,429
Increase (decrease) in accounts payable and accrued liabilities	**47,530**	(69,916)
Decrease in deferred revenue	**(45,219)**	(6,219)
(Decrease) increase in income taxes payable	**(120,480)**	70,580
(Increase) decrease in other assets and other liabilities, net	**(28,256)**	1,051
Other	**489**	111
Net Cash Provided by Operating Activities	**77,290**	207,978
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	**(100,240)**	(112,154)
Investments in equity affiliates and cost method investments	**(16,834)**	(2,565)
Net proceeds from sales of businesses, property, plant and equipment and other assets	**3,019**	164,066
Investments in commercial paper	**—**	(199,830)
Investments in certain businesses, net of cash acquired	**—**	(130,767)
Proceeds from maturities of commercial paper	**—**	99,893
Net distribution from equity affiliate	**—**	93,481
Other	**—**	(5,024)
Net Cash Used in Investing Activities	**(114,055)**	(92,900)
Cash Flows from Financing Activities		
Issuance of borrowings	**550,000**	—
Payments of financing costs	**(9,865)**	—
Repayments of borrowings	**(39,343)**	(1,305)
Dividends paid	**(31,316)**	(38,148)
Proceeds from exercise of stock options	**11,302**	4,688
Common shares repurchased, including the Berkshire Exchange transaction	**—**	(327,718)
Other	**5,232**	640
Net Cash Provided by (Used in) Financing Activities	**486,010**	(361,843)
Effect of Currency Exchange Rate Change	**(3,897)**	2,069
Net Increase (Decrease) in Cash and Cash Equivalents	**445,348**	(244,696)
Beginning Cash and Cash Equivalents	**773,986**	569,719
Ending Cash and Cash Equivalents	**$ 1,219,334**	$ 325,023

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ORGANIZATION, BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

Graham Holdings Company (the Company), is a diversified education and media company. The Company’s Kaplan subsidiary provides a wide variety of educational services, both domestically and outside the United States. The Company’s media operations comprise the ownership and operation of cable systems and television broadcasting (through the ownership and operation of five television broadcast stations). The Company's other business operations include home health and hospice services and manufacturing.

On July 1, 2015, the Company completed the spin-off of its wholly owned subsidiary, Cable One, Inc. (Cable ONE), by way of a distribution of all the issued and outstanding shares of Cable ONE common stock, on a pro rata basis, to the Company's stockholders. The Company will reflect Cable ONE's historical financial results for the periods prior to the spin-off as discontinued operations in its consolidated financial statements beginning in the third quarter of 2015.

On February 12, 2015, Kaplan entered into a Purchase and Sale Agreement with Education Corporation of America (ECA) to sell substantially all of the assets of its KHE Campuses business, consisting of 38 nationally accredited ground campuses and certain related assets, in exchange for a preferred equity interest in ECA. The transaction is contingent upon certain regulatory and accrediting agency approvals and is expected to close in the third quarter of 2015.

Basis of Presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with: (i) generally accepted accounting principles in the United States of America (GAAP) for interim financial information; (ii) the instructions to Form 10-Q; and (iii) the guidance of Rule 10-01 of Regulation S-X under the Securities and Exchange Act of 1934, as amended, for financial statements required to be filed with the Securities and Exchange Commission (SEC). They include the assets, liabilities, results of operations and cash flows of the Company, including its domestic and foreign subsidiaries that are more than 50% owned or otherwise controlled by the Company. As permitted under such rules, certain notes and other financial information normally required by GAAP have been condensed or omitted. Management believes the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the Company’s financial position, results of operations, and cash flows as of and for the periods presented herein. The Company’s results of operations for the three and six months ended June 30, 2015 and 2014 may not be indicative of the Company’s future results. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Certain amounts in previously issued financial statements have been reclassified to conform to the current year presentation, which includes the reclassification of the results of operations of certain businesses as discontinued operations for all periods presented.

Use of Estimates in the Preparation of the Condensed Consolidated Financial Statements – The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates.

Revision of Prior Period Amounts – During the preparation of the 2014 financial statements, the Company concluded that its Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2014, that was previously included in the Company's quarterly reports, should be revised to correct the impact of accounts payable and accrued expenses related to capital expenditures. The Company revised its Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2014 to properly eliminate noncash capital expenditures. The result of this correction for the six months ended June 30, 2014, was an increase in net cash used in investing activities of $19.5 million, with an offsetting increase recorded to net cash provided by operating activities during the same period.

Management has concluded that this error is not material to the previously issued Condensed Consolidated Financial Statements, and, as a result, the Company has revised the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2014. There was no impact on the previously reported total cash and cash equivalents, Condensed Consolidated Balance Sheet or Condensed Consolidated Statement of Operations.

As detailed below, these revisions impacted the following consolidated cash flow items:

	Six Months Ended June 30, 2014		
(in thousands)	As Previously Reported	Revision	As Revised
Cash Flows from Operating Activities			
Decrease in Accounts Payable and Accrued Liabilities	$ (89,443)	$ 19,527	$ (69,916)
Net Cash Provided by Operating Activities	188,451	19,527	207,978
Cash Flows from Investing Activities			
Purchases of Property, Plant and Equipment	$ (92,627)	$ (19,527)	$ (112,154)
Net Cash Used in Investing Activities	(73,373)	(19,527)	(92,900)

Assets Held for Sale – An asset or business is classified as held for sale when (i) management commits to a plan to sell the asset or business; (ii) the asset or business is available for immediate sale in its present condition; (iii) the asset or business is actively marketed for sale at a reasonable price; (iv) the sale is expected to be completed within one year; and (v) it is unlikely significant changes to the plan will be made or that the plan will be withdrawn. The assets and related liabilities are aggregated and reported separately in the Company's condensed consolidated balance sheet.

Recently Adopted and Issued Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued comprehensive new guidance that supersedes all existing revenue recognition guidance. The new guidance requires revenue to be recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new guidance also significantly expands the disclosure requirements for revenue recognition. This guidance is effective for interim and fiscal years beginning after December 15, 2016. Early adoption is not permitted. The standard permits two implementation approaches, one requiring retrospective application of the new guidance with a restatement of prior years and one requiring prospective application of the new guidance with disclosure of results under the old guidance. The Company is in the process of evaluating the impact of this new guidance on its Consolidated Financial Statements and believes such evaluation will extend over several future periods because of the significance of the changes to the Company's policies and business processes.

In August 2014, the FASB issued new guidance that requires management to assess the Company's ability to continue as a going concern and to provide related disclosures in certain circumstances. This guidance is effective for interim and fiscal years ending after December 15, 2016, with early adoption permitted. The Company does not expect this guidance to have an impact on its Consolidated Financial Statements.

2. DISCONTINUED OPERATIONS

In the third quarter of 2014, Kaplan completed the sale of three of its schools in China that were previously included as part of Kaplan International. An additional school in China was sold by Kaplan in January of 2015 which resulted in a pre-tax loss of $0.7 million.

On June 30, 2014, the Company and Berkshire Hathaway Inc. completed a transaction, as described in Note 4, in which Berkshire acquired a wholly-owned subsidiary of the Company that included, among other things, WPLG, a Miami-based television station; a $375.0 million gain from the WPLG sale was recorded in the second quarter of 2014.

The results of operations of the schools in China and WPLG are included in the Company's Condensed Consolidated Statements of Operations as Income (Loss) from Discontinued Operations, Net of Tax, for all periods presented. The Company did not reclassify its Statements of Cash Flows or prior Condensed Consolidated Balance Sheets to reflect the various discontinued operations.

In the first quarter of 2014, an after-tax adjustment of $3.0 million was made to reduce the $100.0 million after-tax gain on the sale of the Publishing Subsidiaries previously reported in the fourth quarter of 2013, as a result of changes in estimates related to liabilities retained as part of the sale.

The summarized income (loss) from discontinued operations, net of tax, is presented below:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Operating revenues	**$ —**	$ 25,125	**$ —**	$ 45,419
Operating costs and expenses	**—**	(23,862)	**—**	(37,355)
Income from discontinued operations	**—**	1,263	**—**	8,064
Provision from income taxes	**—**	1,113	**—**	3,139
Net Income from Discontinued Operations	**—**	150	**—**	4,925
Gain (loss) on sales of discontinued operations	**—**	358,964	**(732)**	354,227
(Benefit) expense from income taxes on sales of discontinued operations	**—**	(16,075)	**52**	(17,769)
Income (Loss) from Discontinued Operations, Net of Tax	**$ —**	$ 375,189	**$ (784)**	$ 376,921

3. INVESTMENTS

As of June 30, 2015 and December 31, 2014, the Company had commercial paper and money market investments of $1,040.2 million and $594.3 million, respectively, that are classified as cash, cash equivalents and restricted cash in the Company's Condensed Consolidated Balance Sheets.

Investments in marketable equity securities comprised the following:

	As of	
(in thousands)	**June 30, 2015**	December 31, 2014
Total cost	**$ 106,909**	$ 106,909
Net unrealized gains	**66,551**	86,884
Total Fair Value	**$ 173,460**	$ 193,793

There were no new investments in marketable equity securities during the first six months of 2015 and 2014. There were no sales of marketable equity securities in the first six months of 2015. In the first quarter of 2014, the Company recorded a $0.5 million write-down of the Company's investment in Corinthian Colleges, Inc., a publicly traded company. In the second quarter of 2014, the Company sold its remaining investment in Corinthian Colleges, Inc. During the first six months of 2014, the proceeds from sales of these marketable securities were $5.8 million and net realized losses were $2.6 million.

On June 30, 2014, the Company completed a transaction with Berkshire Hathaway, as described in Note 4, that included the exchange of 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by the Company; a $266.7 million gain was recorded.

In the second quarter of 2015, the Company acquired an approximate 20% in HomeHero, a company that created and manages an online senior home care marketplace, which is accounted for as an investment in affiliate. As of June 30, 2015, the Company also held a 40% interest in Residential Home Health Illinois, a 42.5% interest in Residential Hospice Illinois, a 40% interest in the joint venture formed between Celtic Healthcare and Allegheny Health Network (AHN) and interests in several other affiliates (see Note 4).

On April 1, 2014, the Company received a gross cash distribution of $95.0 million from Classified Ventures' sale of apartments.com. In connection with this sale, the Company recorded a pre-tax gain of $90.9 million in the second quarter of 2014.

4. ACQUISITIONS, DISPOSITIONS, EXCHANGES AND OTHER

Cable ONE Spin-Off. On July 1, 2015, the Company completed the spin-off of Cable ONE, by way of a distribution of all the issued and outstanding shares of Cable ONE common stock, on a pro rata basis, to the Company's stockholders. Cable ONE is now an independent, publicly traded company. The transaction was structured as a tax-free spin-off of Cable ONE for U.S. Federal income tax purposes. Following the spin-off, the Company does not beneficially own any shares of Cable ONE common stock and will not consolidate the financial results of Cable ONE for the purposes of its own reporting for periods after June 30, 2015. The Company will reflect Cable ONE's historical financial results for the periods prior to the spin-off as discontinued operations in its condensed consolidated financial statements beginning in the third quarter of 2015.

Prior to the spin-off, Cable ONE distributed $450 million in cash to the Company using the proceeds from their issuance of unsecured notes of $450 million (see Note 6) in June 2015. Also, in connection with the spin-off, the Company modified the terms of 10,830 restricted stock awards in the second quarter of 2015 affecting 21 Cable ONE employees. The modification resulted in the acceleration of the vesting period of 6,324 restricted stock awards and the forfeiture of 4,506 restricted stock awards. The Company recorded incremental stock compensation expense, net of forfeitures, in the second quarter of 2015 amounting to $3.7 million, which is included in selling, general and administrative expense in the condensed consolidated statement of operations and within the Cable segment operating results.

The spin-off resulted in a modification of some of the Company's outstanding restricted stock awards and stock options due to the equity restructuring on July 1, 2015. The holders of restricted stock awards received Cable ONE restricted common stock, on a pro rata basis, as part of the distribution, while the stock options were modified to add an antidilution provision. The modification of the stock awards resulted in an estimated incremental stock compensation expense of $3.0 million that will be recognized over the remaining service periods of the unvested restricted stock awards through the end of 2018. The modification of some of the stock options resulted in an estimated incremental stock compensation expense of $23.5 million, of which $18.8 million related to fully vested stock options that will be recognized as a one-time expense in the third quarter of 2015, with the remaining $4.7 million recognized over the remaining service periods of the unvested stock options through the end of 2018.

As a result of the spin-off, the Company remeasured the accumulated and projected benefit obligation of the pension and SERP as of July 1, 2015, and the Company expects to record a curtailment and settlement gain in the third quarter of 2015.

Acquisitions. In the first six months of 2015, the Company did not make any acquisitions. In the first six months of 2014, the Company acquired six business included in other businesses and in its education division totaling $133.5 million; the purchase price allocation comprised goodwill, other intangible assets, property, plant and equipment, and other current assets.

On April 1, 2014, Celtic Healthcare acquired VNA-TIP Healthcare, a provider of home health and hospice services in Missouri and Illinois. On May 30, 2014, the Company completed its acquisition of Joyce/Dayton Corp., a Dayton, OH-based manufacturer of screw jacks and other linear motion systems. On July 3, 2014, the Company completed its acquisition of an 80% interest in Residential Healthcare Group, Inc., the parent company of Residential Home Health and Residential Hospice, providers of skilled home health care and hospice services in Michigan and Illinois. Residential Healthcare Group, Inc. has a 40% ownership interest in Residential Home Health Illinois and a 42.5% ownership interest in Residential Hospice Illinois, which are accounted for as investments in affiliates. The operating results of these businesses are included in other businesses.

Dispositions. In the second quarter of 2015, the Company sold The Root, a component of Slate, and Kaplan sold two small businesses, Structuralia, which was part of Kaplan International, and Fire and EMS Training, which was part of Kaplan Higher Education. As a result of these sales, the Company reported gains in other non-operating income (see Note 10). In the third quarter of 2014, Kaplan completed the sale of three of its schools in China that were previously included as part of Kaplan International. In January 2015, Kaplan completed the sale of an additional school in China.

On February 12, 2015, Kaplan entered into a Purchase and Sale Agreement with Education Corporation of America (ECA) to sell substantially all of the assets of its KHE Campuses business, consisting of 38 nationally accredited ground campuses and certain related assets, in exchange for a preferred equity interest in ECA. KHE Campuses schools that have been closed or are in the process of closing are not included in the sale transaction. The transaction is contingent upon certain regulatory and accrediting agency approvals and is expected to close in the third quarter of 2015. The KHE Campuses business disposal group is reported in assets held for sale at June 30, 2015. The revenue and operating losses related to schools that are being sold as part of the ECA transaction are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Revenue	**$ 63,036**	$ 67,205	**$ 124,123**	$ 136,263
Operating loss	**(4,287)**	(4,531)	**(7,301)**	(7,507)

The carrying amounts of the major classes of assets and liabilities held for sale at June 30, 2015 are as follows:

(in thousands)	As of June 30, 2015
Restricted cash	$ 685
Accounts receivable, net	13,308
Other current assets	5,006
Current Assets Held for Sale	**$ 18,999**
Property, plant and equipment, net	**$ 12,101**
Goodwill, net	**7,526**
Indefinite-lived intangible assets	**5,787**
Amortized intangible assets, net	**951**
Deferred charges and other assets	**693**
Noncurrent Assets Held for Sale	**$ 27,058**
Accounts payable and accrued liabilities	$ 11,139
Deferred revenue	10,001
Current Liabilities Held for Sale	**$ 21,140**
Other liabilities	$ 7,849
Noncurrent Liabilities Held for Sale	**$ 7,849**

In the second quarter of 2015, Kaplan recorded a $6.9 million long-lived assets impairment charge in connection with the KHE Campuses business, of which $4.7 million was an unfavorable out of period expense adjustment related to the first quarter of 2015. With respect to this error, the Company has concluded that it was not material to the Company's financial position or results of operations for the first or second quarter of 2015, based on its consideration of quantitative and qualitative factors.

Exchanges. On June 30, 2014, the Company and Berkshire Hathaway Inc. completed a previously announced transaction in which Berkshire acquired a wholly-owned subsidiary of the Company that included, among other things, WPLG, a Miami-based television station, 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by Graham Holdings and $327.7 million in cash, in exchange for 1,620,190 shares of Graham Holdings Class B common stock owned by Berkshire Hathaway (Berkshire exchange transaction).

Other. In January 2015, Celtic and AHN closed on the formation of a joint venture to combine each other's home health and hospice assets in the western Pennsylvania region. Although Celtic manages the operations of the joint venture, Celtic holds a 40% interest in the joint venture, so the operating results of the joint venture are not consolidated and the pro rata operating results are included in the Company's equity in earnings of affiliates. Celtic's revenues from the western Pennsylvania region that are now part of the joint venture made up 29% of total Celtic revenues in 2014.

The Company's income from continuing operations excludes the sold Kaplan China schools and WPLG, which have been reclassified to discontinued operations, net of tax (see Note 2).

5. GOODWILL AND OTHER INTANGIBLE ASSETS

In the second quarter of 2014, as a result of regulatory changes impacting Kaplan's operations in China, Kaplan recorded an intangible asset impairment charge of $7.8 million, reported in discontinued operations. The Company estimated the fair value of the student and customer relationships using an income approach.

Amortization of intangible assets for the three months ended June 30, 2015 and 2014 was $4.7 million and $3.0 million, respectively. Amortization of intangible assets for the six months ended June 30, 2015 and 2014 was $9.4 million and $5.7 million, respectively. Amortization of intangible assets is estimated to be approximately $9 million for the remainder of 2015, $17 million in 2016, $14 million in 2017, $13 million in 2018, $12 million in 2019 and $22 million thereafter.

The changes in the carrying amount of goodwill, by segment, were as follows:

(in thousands)	Education	Cable	Television Broadcasting	Other Businesses	Total
Balance as of December 31, 2014					
Goodwill	$ 1,057,226	$ 85,488	$ 168,345	$ 145,992	$ 1,457,051
Accumulated impairment losses	(102,259)	—	—	(6,082)	(108,341)
	954,967	85,488	168,345	139,910	1,348,710
Measurement period adjustment	**—**	**—**	**—**	**4,570**	**4,570**
Dispositions	**(1,298)**	**—**	**—**	**(7,819)**	**(9,117)**
Reclassification to assets held for sale	**(7,526)**	**—**	**—**	**—**	**(7,526)**
Foreign currency exchange rate changes	**(10,876)**	**—**	**—**	**—**	**(10,876)**
Balance as of June 30, 2015					
Goodwill	**1,037,526**	**85,488**	**168,345**	**142,743**	**1,434,102**
Accumulated impairment losses	**(102,259)**	**—**	**—**	**(6,082)**	**(108,341)**
	$ 935,267	**$ 85,488**	**$ 168,345**	**$ 136,661**	**$ 1,325,761**

The Company recorded a $4.6 million measurement period adjustment in the second quarter of 2015 upon the finalization of the purchase accounting related to deferred income taxes in connection with the acquisition of Residential Healthcare, Inc. The balance sheet as of December 31, 2014 has not been revised for the measurement period adjustment as the Company believes it is not material to the Company's financial position.

The changes in carrying amount of goodwill at the Company's education division were as follows:

(in thousands)	Higher Education	Test Preparation	Kaplan International	Total
Balance as of December 31, 2014				
Goodwill	$ 409,884	$ 166,098	$ 481,244	$ 1,057,226
Accumulated impairment losses	—	(102,259)	—	(102,259)
	409,884	63,839	481,244	954,967
Dispositions	**(559)**	**—**	**(739)**	**(1,298)**
Reclassification to assets held for sale	**(7,526)**	**—**	**—**	**(7,526)**
Foreign currency exchange rate changes	**(124)**	**—**	**(10,752)**	**(10,876)**
Balance as of June 30, 2015				
Goodwill	**401,675**	**166,098**	**469,753**	**1,037,526**
Accumulated impairment losses	**—**	**(102,259)**	**—**	**(102,259)**
	$ 401,675	**$ 63,839**	**$ 469,753**	**$ 935,267**

Other intangible assets consist of the following:

		As of June 30, 2015			As of December 31, 2014		
(in thousands)	**Useful Life Range**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets							
Noncompete agreements	**2–5 years**	**$ 1,681**	**$ 1,151**	**$ 530**	$ 2,500	$ 1,590	$ 910
Student and customer relationships	**2–10 years**	**101,259**	**49,320**	**51,939**	104,685	47,539	57,146
Databases and technology	**3–5 years**	**10,518**	**9,204**	**1,314**	10,501	8,827	1,674
Trade names and trademarks	**2–10 years**	**53,655**	**21,742**	**31,913**	55,452	19,724	35,728
Other	**1–25 years**	**6,316**	**5,192**	**1,124**	8,969	7,480	1,489
		$ 173,429	**$ 86,609**	**$ 86,820**	$ 182,107	$ 85,160	$ 96,947
Indefinite-Lived Intangible Assets							
Franchise agreements		**$ 496,321**			$ 496,321		
Licensure and accreditation		**994**			6,781		
Other		**13,651**			13,651		
		$ 510,966			$ 516,753		

6. DEBT

The Company’s borrowings consist of the following:

(in thousands)	As of June 30, 2015	As of December 31, 2014
7.25% unsecured notes due February 1, 2019	**$ 398,515**	$ 398,308
Cable ONE 5.75% unsecured notes due June 15, 2022	**450,000**	—
Cable ONE term loan	**100,000**	—
AUD Revolving credit borrowing	**—**	40,927
Other indebtedness	**6,241**	6,685
Total Debt	**954,756**	445,920
Less: current portion	**(7,537)**	(46,375)
Total Long-Term Debt	**$ 947,219**	$ 399,545

The Company’s other indebtedness at June 30, 2015 is at interest rates from 3.8% to 6% and matures from 2015 to 2017. The Company’s other indebtedness at December 31, 2014 is at interest rates from 0% to 6% and matures from 2015 to 2017.

On June 17, 2015, Cable ONE issued $450 million in unsecured seven-year fixed-rate notes due on June 15, 2022 (the Notes). The Notes have a coupon rate of 5.75% per annum, payable semiannually on June 15 and December 15, beginning December 15, 2015. Cable ONE subsequently used the net proceeds from the sale of the Notes and other cash on hand to pay a special one-time cash dividend to the Company of $450 million in connection with the Cable ONE spin-off. Under the terms of the Notes, unless Cable ONE has exercised its right to redeem the Notes, Cable ONE is required to offer to repurchase the Notes in cash at 101% of the principal amount, plus accrued and unpaid interest, upon the occurrence of a Change of Control.

On June 30, 2015, Cable ONE entered into a Credit Agreement (the Cable ONE Credit Agreement) among Cable ONE, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents party thereto. The Cable ONE Credit Agreement provides for a five-year revolving credit facility in an aggregate principal amount of $200 million (the Revolving Credit Facility) and a five-year term loan facility in an aggregate principal amount of $100 million (the Term Loan Facility and, together with the Revolving Credit Facility, the Senior Credit Facilities). Concurrent with its entry into the Cable ONE Credit Agreement, Cable ONE borrowed the full amount of the Term Loan Facility. Borrowings under the Senior Credit Facilities will bear interest, at Cable ONE’s option, at a rate per annum determined by reference to either LIBOR or an adjusted base rate, in each case plus an applicable interest rate margin. The applicable interest rate margin with respect to LIBOR borrowings will be a rate per annum between 1.50% and 2.25% and the applicable interest rate margin with respect to adjusted base rate borrowings will be a rate per annum between 0.50% and 1.25%, in each case determined on a quarterly basis by reference to a pricing grid based upon Cable ONE’s total net leverage ratio. Borrowings under the Senior Credit Facilities will initially bear interest at LIBOR plus 1.50% per annum or at the adjusted base rate plus 0.50%. In addition, Cable ONE will be required to pay commitment fees on any unused portion of the Revolving Credit Facility at a rate between 0.25% per annum and 0.40% per annum, determined by reference to the pricing grid. The Senior Credit Facilities may be prepaid at any time without premium. The Term Loan Facility will amortize in equal quarterly installments at a rate of 2.5% per annum in the first year after funding, 5.0% per annum in the second year after funding, 7.5% per annum in the third year after funding, 10.0% per annum in the fourth year after funding and 15.0% per annum in the fifth year after funding, with the outstanding balance of the Term Loan Facility to be paid on the fifth anniversary of funding.

With the Cable ONE spin-off effective on July 1, 2015, the Cable ONE debt is no longer an obligation of the Company.

On June 17, 2015, the Company terminated its U.S. $450 million, AUD 50 million four-year revolving credit facility dated June 17, 2011. No borrowings were outstanding under the 2011 Credit Agreement at the time of termination. On June 29, 2015, the Company entered into a credit agreement (the Credit Agreement) providing for a new U.S. $200 million five-year revolving credit facility (the Facility) with each of the lenders party thereto, Wells Fargo Bank, National Association as Administrative Agent (Wells Fargo), JPMorgan Chase Bank, N.A., as Syndication Agent, and HSBC Bank USA, National Association, as Documentation Agent (the Credit Agreement). The Company is required to pay a commitment fee on a quarterly basis, based on the Company's leverage ratio, of between 0.15% and 0.25% of the amount of the Facility. Any borrowings are made on an unsecured basis and bear interest at the Company’s option, either at (a) a fluctuating interest rate equal to the highest of Wells Fargo’s prime rate, 0.50 percent above the Federal funds rate or the one-month Eurodollar rate plus 1%, or (b) the Eurodollar rate for the applicable interest period as defined in the Credit Agreement which is generally a periodic rate equal to LIBOR, in each case plus an applicable margin that depends on the Company’s consolidated debt to consolidated adjusted EBITDA (as determined pursuant to the Credit Agreement, “leverage ratio”). The Company may draw on the Facility for general corporate purposes. The Facility will expire on July 1, 2020, unless the Company and the banks agree to extend the term. Any outstanding borrowings must be repaid on or prior to the final termination date. The Credit Agreement contains terms and conditions, including remedies in the event of a default by the Company, typical of facilities of this type and requires the Company to maintain a leverage ratio of not greater than 3.5 to 1.0 and a consolidated interest coverage ratio of at least 3.5 to 1.0 based upon the ratio of consolidated adjusted EBITDA to consolidated interest expense as determined pursuant to the Credit Agreement.

On March 9, 2015, the Company repaid the AUD 50 million borrowed under its revolving credit facility. On the same day, the AUD 50 million interest rate swap agreements matured.

During the three months ended June 30, 2015 and 2014, the Company had average borrowings outstanding of approximately $454.4 million and $452.5 million, respectively, at average annual interest rates of approximately 6.8% and 7.0%, respectively. During the three months ended June 30, 2015 and 2014, the Company incurred net interest expense of $9.3 million and $7.9 million, respectively.

During the six months ended June 30, 2015 and 2014, the Company had average borrowings outstanding of approximately $450.2 million and $451.8 million, respectively, at average annual interest rates of approximately 7.0%. During the six months ended June 30, 2015 and 2014, the Company incurred net interest expense of $17.3 million and $16.1 million, respectively.

At June 30, 2015, the fair value of the Company’s 7.25% unsecured notes, based on quoted market prices, totaled $447.0 million, compared with the carrying amount of $398.5 million. At December 31, 2014, the fair value of the Company’s 7.25% unsecured notes, based on quoted market prices, totaled $450.3 million, compared with the carrying amount of $398.3 million. At June 30, 2015, the estimated fair value of Cable ONE's 5.75% unsecured notes and term loan were the same as the carrying amounts of $450.0 million and $100.0 million, respectively, due to the close proximity to the debt instruments’ issuance date. The carrying value of the Company’s other unsecured debt at June 30, 2015 approximates fair value.

7. FAIR VALUE MEASUREMENTS

The Company’s financial assets and liabilities measured at fair value on a recurring basis were as follows:

	As of June 30, 2015		
(in thousands)	Level 1	Level 2	Total
Assets			
Money market investments (1)	$ —	$ 690,452	$ 690,452
Commercial paper (2)	349,794	—	349,794
Marketable equity securities (3)	173,460	—	173,460
Other current investments (4)	11,311	16,079	27,390
Total Financial Assets	$ 534,565	$ 706,531	$ 1,241,096
Liabilities			
Deferred compensation plan liabilities (5)	$ —	$ 69,280	$ 69,280
7.25% unsecured notes (6)	—	447,000	447,000
Cable ONE 5.75% unsecured notes (6)	—	450,000	450,000
Cable ONE term loan (6)	—	100,000	100,000
Total Financial Liabilities	$ —	$ 1,066,280	$ 1,066,280

(1) The Company’s money market investments are included in cash, cash equivalents and restricted cash.
(2) The Company's commercial paper investments with original maturities of 90 days or less are included in cash and cash equivalents.
(3) The Company’s investments in marketable equity securities are classified as available-for-sale.
(4) Includes U.S. Government Securities, corporate bonds, mutual funds and time deposits.
(5) Includes Graham Holdings Company's Deferred Compensation Plan and supplemental savings plan benefits under the Graham Holdings Company's Supplemental Executive Retirement Plan, which are included in accrued compensation and related benefits. These plans measure the market value of a participant's balance in a notional investment account that is comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations are not exchanged in an active market, they are classified as Level 2 in the fair value hierarchy. Realized and unrealized gains (losses) on deferred compensation are included in operating income.
(6) See Note 6 for carrying amount of these notes and borrowing. The fair value of long-term debt is determined based on a number of observable inputs, including the current market activity of the Company’s publicly traded notes, trends in investor demands and market values of comparable publicly traded debt.

(in thousands)	As of December 31, 2014 Level 1	Level 2	Total
Assets			
Money market investments (1)	$ —	$ 368,131	$ 368,131
Commercial paper (2)	226,197	—	226,197
Marketable equity securities (3)	193,793	—	193,793
Other current investments (4)	11,788	21,171	32,959
Total Financial Assets	$ 431,778	$ 389,302	$ 821,080
Liabilities			
Deferred compensation plan liabilities (5)	$ —	$ 70,661	$ 70,661
7.25% unsecured notes (6)	—	450,344	450,344
AUD revolving credit borrowing (6)	—	40,927	40,927
Interest rate swap (7)	—	179	179
Total Financial Liabilities	$ —	$ 562,111	$ 562,111

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(1) The Company’s money market investments are included in cash, cash equivalents and restricted cash.
(2) The Company's commercial paper investments with original maturities of 90 days or less are included in cash and cash equivalents.
(3) The Company’s investments in marketable equity securities are classified as available-for-sale.
(4) Includes U.S. Government Securities, corporate bonds, mutual funds and time deposits.
(5) Includes Graham Holdings Company's Deferred Compensation Plan and supplemental savings plan benefits under the Graham Holdings Company's Supplemental Executive Retirement Plan, which are included in accrued compensation and related benefits. These plans measure the market value of a participant's balance in a notional investment account that is comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations are not exchanged in an active market, they are classified as Level 2 in the fair value hierarchy. Realized and unrealized gains (losses) on deferred compensation are included in operating income.
(6) See Note 6 for carrying amount of these notes and borrowing. The fair value of long-term debt is determined based on a number of observable inputs, including the current market activity of the Company’s publicly traded notes, trends in investor demands and market values of comparable publicly traded debt.
(7) Included in Other liabilities. The Company utilized a market approach model using the notional amount of the interest rate swap multiplied by the observable inputs of time to maturity and market interest rates.

In the second quarter of 2015, the Company recorded a long-lived asset impairment charge of $6.9 million. In the second quarter of 2014, the Company recorded an intangible asset impairment charge of $7.8 million, reported in discontinued operations (see Note 5). The remeasurements of these long-lived and intangible assets are classified as Level 3 fair value assessments due to the significance of unobservable inputs developed in the determination of the fair values.

8. EARNINGS PER SHARE

On June 30, 2014, the Company acquired 1,620,190 of its Class B common stock owned by Berkshire Hathaway, as described in Note 4.

The Company's unvested restricted stock awards contain nonforfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. The diluted earnings per share computed under the two-class method is lower than the diluted earnings per share computed under the treasury stock method, resulting in the presentation of the lower amount in diluted earnings per share. The computation of the earnings per share under the two-class method excludes the income attributable to the unvested restricted stock awards from the numerator and excludes the dilutive impact of those underlying shares from the denominator.

The following reflects the Company's income from continuing operations and share data used in the basic and diluted earnings per share computations using the two-class method:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands, except per share amounts)	**2015**	2014	**2015**	2014
Numerator:				
Numerator for basic earnings per share:				
Income from continuing operations attributable to Graham Holdings Company common stockholders	**$ 57,782**	$ 374,948	**$ 79,172**	$ 505,314
Less: Dividends-common stock outstanding and unvested restricted shares	**(15,484)**	(14,819)	**(46,354)**	(52,494)
Undistributed earnings	**42,298**	360,129	**32,818**	452,820
Percent allocated to common stockholders	**98.18%**	97.88%	**98.18%**	97.88%
	41,527	352,507	**32,220**	443,236
Add: Dividends-common stock outstanding	**15,201**	14,506	**45,506**	51,556
Numerator for basic earnings per share	**$ 56,728**	$ 367,013	**$ 77,726**	$ 494,792
Add: Additional undistributed earnings due to dilutive stock options	**4**	31	**3**	40
Numerator for diluted earnings per share	**$ 56,732**	$ 367,044	**$ 77,729**	$ 494,832
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares outstanding	**5,720**	7,284	**5,712**	7,280
Add: Effect of dilutive stock options	**30**	24	**32**	24
Denominator for diluted earnings per share	**5,750**	7,308	**5,744**	7,304
Graham Holdings Company Common Stockholders:				
Basic earnings per share from continuing operations	**$ 9.92**	$ 50.39	**$ 13.61**	$ 67.97
Diluted earnings per share from continuing operations	**$ 9.87**	$ 50.22	**$ 13.53**	$ 67.74

Diluted earnings per share excludes the following weighted average potential common shares, as the effect would be antidilutive, as computed under the treasury stock method:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Weighted average restricted stock	**55**	55	**54**	57

The diluted earnings per share amounts for the three and six months ended June 30, 2015 exclude the effects of 50,000 stock options outstanding as their inclusion would have been antidilutive. The diluted earnings per share amounts for the three and six months ended June 30, 2014 exclude the effects of 5,000 stock options outstanding as their inclusion would have been antidilutive. The diluted earnings per share amounts for the three and six months ended June 30, 2015 exclude the effects of 5,850 restricted stock awards as their inclusion would have been antidilutive. The diluted earnings per share amounts for the three and six months ended June 30, 2014 exclude the effects of 5,550 restricted stock awards, as their inclusion would have been antidilutive.

In the three and six months ended June 30, 2015 the Company declared regular dividends totaling $2.65 and $7.95, respectively. In the three and six months ended June 30, 2014, the Company declared regular dividends totaling $2.55 and $7.65, respectively.

9. PENSION AND POSTRETIREMENT PLANS

Defined Benefit Plans. The total benefit arising from the Company's defined benefit pension plans, including a portion included in discontinued operations, consists of the following components:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Service cost	**$ 7,251**	$ 6,976	**$ 14,503**	$ 14,513
Interest cost	**12,781**	12,894	**25,561**	25,976
Expected return on assets	**(31,553)**	(30,504)	**(63,098)**	(60,767)
Amortization of prior service cost	**81**	82	**162**	164
Recognized actuarial gain	**—**	(7,281)	**—**	(14,319)
Net Periodic Benefit	**(11,440)**	(17,833)	**(22,872)**	(34,433)
Early retirement programs expense	**—**	—	**—**	4,490
Total Benefit	**$ (11,440)**	$ (17,833)	**$ (22,872)**	$ (29,943)

For the three and six months ended June 30, 2014, the net periodic benefit for the Company's pension plans, as reported above, includes costs of $0.1 million and $0.2 million, respectively, reported in discontinued operations.

In the first quarter of 2014, the Company recorded $4.5 million related to a Separation Incentive Program for certain Corporate employees, which is being funded from the assets of the Company's pension plan. In June 2014, the Company announced that a Voluntary Retirement Incentive Program was offered to certain Corporate employees; the related expense was recorded in the third quarter of 2014.

The total cost arising from the Company's Supplemental Executive Retirement Plan (SERP), including a portion included in discontinued operations, consists of the following components:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Service cost	**$ 509**	$ 373	**$ 1,018**	$ 746
Interest cost	**1,135**	1,086	**2,270**	2,171
Amortization of prior service cost	**114**	11	**228**	23
Recognized actuarial loss	**877**	375	**1,755**	750
Net Periodic Cost	**$ 2,635**	$ 1,845	**$ 5,271**	$ 3,690

For the three and six months ended June 30, 2014, the net periodic cost for the Company's SERP, as reported above, includes costs of $0.1 million and $0.2 million, respectively, reported in discontinued operations.

Cable ONE Spin-Off. On July 1, 2015, as part of the spin-off, Cable ONE assumed the liability related to their employees participating in the Company's SERP, and the Company eliminated the accrual of pension benefits for all Cable ONE employees related to their future service. As a result, the Company remeasured the accumulated and projected benefit obligation of the pension and SERP as of July 1, 2015, and the Company expects to record a curtailment and settlement gain in the third quarter of 2015. The new measurement basis will be used for the recognition of the Company's pension and SERP (credit) cost beginning in the third quarter of 2015.

Defined Benefit Plan Assets. The Company's defined benefit pension obligations are funded by a portfolio made up of a relatively small number of stocks and high-quality fixed-income securities that are held by a third-party trustee. The assets of the Company's pension plan were allocated as follows:

	As of	
	June 30, 2015	December 31, 2014
U.S. equities	**49%**	59%
U.S. fixed income	**16%**	13%
International equities	**35%**	28%
	100%	100%

Essentially all of the assets are actively managed by two investment companies. The goal of the investment managers is to produce moderate long-term growth in the value of these assets, while protecting them against large decreases in value. Both of these managers may invest in a combination of equity and fixed-income securities and cash. The managers are not permitted to invest in securities of the Company or in alternative investments. The investment managers cannot invest more than 20% of the assets at the time of purchase in the stock of Berkshire Hathaway or more than 10% of the assets in the securities of any other single issuer, except for obligations of the U.S. Government, without receiving prior approval by the Plan administrator. As of June 30, 2015, the managers can invest no more than 24% of the assets in specified international exchanges, at the time the investment is made, and no less than 10% of the assets could be invested in fixed-income securities. None of the assets is managed internally by the Company.

In determining the expected rate of return on plan assets, the Company considers the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. In addition, the Company may consult with and consider the input of financial and other professionals in developing appropriate return benchmarks.

The Company evaluated its defined benefit pension plan asset portfolio for the existence of significant concentrations (defined as greater than 10% of plan assets) of credit risk as of June 30, 2015. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country and individual fund. At June 30, 2015, the pension plan held common stock in one investment that exceeded 10% of total plan assets, valued at $723.1 million, or 27% of total plan assets. At December 31, 2014, the pension plan held common stock in two investments that exceeded 10% of total plan assets, valued at $730.6 million, or 30% of total plan assets. At June 30, 2015 and December 31, 2014, the pension plan held investments in one foreign country that exceeded 10% of total plan assets. These investments were valued at $725.0 million and $468.0 million at June 30, 2015 and December 31, 2014, respectively, or approximately 27% and 19%, respectively, of total plan assets.

Other Postretirement Plans. The total cost arising from the Company's other postretirement plans consists of the following components:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Service cost	**$ 333**	$ 375	**$ 666**	$ 750
Interest cost	**324**	362	**649**	724
Amortization of prior service credit	**(125)**	(195)	**(251)**	(391)
Recognized actuarial gain	**(249)**	(519)	**(498)**	(1,038)
Net Periodic Cost	**$ 283**	$ 23	**$ 566**	$ 45

10. OTHER NON-OPERATING INCOME

A summary of non-operating income is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Additional gain on sale of Classified Ventures	**$ 4,827**	$ —	**$ 4,827**	$ —
Foreign currency gain (loss), net	**3,608**	2,909	**(3,219)**	7,946
Gain on sales of businesses	**2,918**	—	**2,918**	—
Gain on formation of joint venture	**—**	—	**5,972**	—
Gain on Berkshire marketable equity securities exchange	**—**	266,733	**—**	266,733
Gain on sale of headquarters building	**—**	—	**—**	127,670
Losses on sales or write-down of marketable equity securities	**—**	(2,259)	**—**	(3,044)
Other, net	**325**	731	**75**	2,082
Total Other Non-Operating Income	**$ 11,678**	$ 268,114	**$ 10,573**	$ 401,387

In the second quarter of 2015, the Company sold The Root and Kaplan sold two small businesses for a total gain of $2.9 million.

In the second quarter of 2015, the Company benefited from a favorable $4.8 million out of period adjustment to the gain on the sale of Classified Ventures related to the fourth quarter of 2014. With respect to this error, the Company has concluded that it was not material to the Company's financial position or results of operations for 2015 and 2014 and the related interim periods, based on its consideration of quantitative and qualitative factors.

In January 2015, Celtic contributed assets to a joint venture entered into with AHN in exchange for a 40% equity interest, resulting in the Company recording a $6.0 million gain (see Note 4). The Company used an income and market approach to value the equity interest. The measurement of the equity interest in the joint venture is classified as a Level 3 fair value assessment due to the significance of unobservable inputs developed in the determination of the fair value.

On June 30, 2014, the Company completed a transaction with Berkshire Hathaway, as described in Note 4 that included the exchange of 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by the Company; a $266.7 million gain was recorded.

On March 27, 2014, the Company completed the sale of its headquarters building for $158 million. In connection with the sale, the Company recorded a $127.7 million pre-tax gain.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

The other comprehensive loss consists of the following components:

	Three Months Ended June 30					
	2015			2014		
(in thousands)	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	$ 5,249	$ —	$ 5,249	$ 1,920	$ —	$ 1,920
Adjustment for sales of businesses with foreign operations	(484)	—	(484)	—	—	—
	4,765	—	4,765	1,920	—	1,920
Unrealized (losses) gains on available-for-sale securities:						
Unrealized (losses) gains for the period, net	(11,455)	4,582	(6,873)	8,667	(3,466)	5,201
Reclassification adjustment for realization of (gain) loss on exchange or sale of available-for-sale securities included in net income	—	—	—	(266,059)	106,424	(159,635)
	(11,455)	4,582	(6,873)	(257,392)	102,958	(154,434)
Pension and other postretirement plans:						
Amortization of net prior service cost (credit) included in net income	70	(28)	42	(102)	41	(61)
Amortization of net actuarial loss (gain) included in net income	628	(251)	377	(7,425)	2,970	(4,455)
	698	(279)	419	(7,527)	3,011	(4,516)
Cash flow hedge:						
Gain for the period	—	—	—	239	(95)	144
Other Comprehensive Loss	$ (5,992)	$ 4,303	$ (1,689)	$ (262,760)	$ 105,874	$ (156,886)

	Six Months Ended June 30					
	2015			2014		
(in thousands)	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	$ (6,839)	$ —	$ (6,839)	$ 2,666	$ —	$ 2,666
Adjustment for sales of businesses with foreign operations	(525)	—	(525)	—	—	—
	(7,364)	—	(7,364)	2,666	—	2,666
Unrealized (losses) gains on available-for-sale securities:						
Unrealized (losses) gains for the period, net	(20,333)	8,134	(12,199)	36,405	(14,562)	21,843
Reclassification adjustment for realization of (gain) loss on exchange, sale or write-down of available-for-sale securities included in net income	—	—	—	(265,274)	106,110	(159,164)
	(20,333)	8,134	(12,199)	(228,869)	91,548	(137,321)
Pension and other postretirement plans:						
Amortization of net prior service cost (credit) included in net income	139	(55)	84	(204)	81	(123)
Amortization of net actuarial loss (gain) included in net income	1,257	(503)	754	(14,607)	5,843	(8,764)
	1,396	(558)	838	(14,811)	5,924	(8,887)
Cash flow hedge:						
Gain for the period	179	(71)	108	411	(164)	247
Other Comprehensive Loss	$ (26,122)	$ 7,505	$ (18,617)	$ (240,603)	$ 97,308	$ (143,295)

The accumulated balances related to each component of other comprehensive income are as follows:

(in thousands, net of taxes)	Cumulative Foreign Currency Translation Adjustment	Unrealized Gain on Available-for-Sale Securities	Unrealized Gain on Pensions and Other Postretirement Plans	Cash Flow Hedge	Accumulated Other Comprehensive Income
Balance as of December 31, 2014	$ 8,548	$ 52,130	$ 392,910	$ (108)	$ 453,480
Other comprehensive (loss) income before reclassifications	(6,839)	(12,199)	—	29	(19,009)
Net amount reclassified from accumulated other comprehensive income	(525)	—	838	79	392
Other comprehensive (loss) income, net of tax	(7,364)	(12,199)	838	108	(18,617)
Balance as of June 30, 2015	$ 1,184	$ 39,931	$ 393,748	$ —	$ 434,863

The amounts and line items of reclassifications out of Accumulated Other Comprehensive Income are as follows:

(in thousands)	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014	Affected Line Item in the Condensed Consolidated Statement of Operations
Foreign Currency Translation Adjustments:					
Adjustment for sales of businesses with foreign operations	**$ (484)**	$ —	**$ (525)**	$ —	Other income, net
Unrealized Gains on Available-for-sale Securities:					
Realized gain for the period	**$ —**	$ (266,059)	**$ —**	$ (265,274)	Other income, net
	—	106,424	**—**	106,110	(1)
	—	(159,635)	**—**	(159,164)	Net of Tax
Pension and Other Postretirement Plans:					
Amortization of net prior service cost (credit)	**70**	(102)	**139**	(204)	(2)
Amortization of net actuarial loss (gain)	**628**	(7,425)	**1,257**	(14,607)	(2)
	698	(7,527)	**1,396**	(14,811)	Before tax
	(279)	3,011	**(558)**	5,924	Provision for Income Taxes
	419	(4,516)	**838**	(8,887)	Net of Tax
Cash Flow Hedge					
	—	216	**132**	428	Interest expense
	—	(86)	**(53)**	(171)	Provision for Income Taxes
	—	130	**79**	257	Net of Tax
Total reclassification for the period	**$ (65)**	$ (164,021)	**$ 392**	$ (167,794)	Net of Tax

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(1) Benefits of $0.9 million and $1.2 million were recorded in Provision for Income Taxes related to the realized loss for the three and six months ended June 30, 2014, respectively. The remaining $107.3 million for the three and six months ended June 30, 2014, relates to the reversal of income taxes previously recorded on the unrealized gain of the Company's investment in Berkshire Hathaway Inc. marketable equity securities as part of the Berkshire exchange transaction (see Note 4).

(2) These accumulated other comprehensive income components are included in the computation of net periodic pension and postretirement plan cost (see Note 9).

12. CONTINGENCIES

Litigation and Legal Matters. The Company and its subsidiaries are involved in various legal proceedings that arise in the ordinary course of its business. Although the outcomes of the legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, management believes that there are no existing claims or proceedings that are likely to have a material effect on the Company's business, financial condition, results of operations or cash flows. Also, based on currently available information, management is of the opinion that the exposure to future material losses from existing legal proceedings is not reasonably possible, or that future material losses in excess of the amounts accrued are not reasonably possible.

Certain Kaplan subsidiaries are subject to two unsealed cases filed by former employees that include, among other allegations, claims under the False Claims Act relating to eligibility for Title IV funding. The U.S. Government declined to intervene in all cases, and, as previously reported, court decisions either dismissed the cases in their entirety or narrowed the scope of their allegations. The two cases are captioned: *United States of America* ex rel. *Carlos Urquilla-Diaz* et al*.* v*. Kaplan University* et al. (unsealed March 25, 2008) and *United States of America* ex rel. *Charles Jajdelski* v*. Kaplan Higher Education Corp*. et al. (unsealed January 6, 2009).

On August 17, 2011, the U.S. District Court for the Southern District of Florida issued a series of rulings in the Diaz case, which included three separate complaints: Diaz, Wilcox and Gillespie. The court dismissed the Wilcox complaint in its entirety; dismissed all False Claims Act allegations in the Diaz complaint, leaving only an individual employment claim; and dismissed in part the Gillespie complaint, thereby limiting the scope and time frame of its False Claims Act allegations regarding compliance with the U.S. Federal Rehabilitation Act. On October 31, 2012, the court entered summary judgment in favor of the Company as to the sole remaining employment claim in the Diaz complaint. On July 16, 2013, the court likewise entered summary judgment in favor of the Company on all remaining claims in the Gillespie complaint. Diaz and Gillespie each appealed to the U.S. Court of Appeals for the Eleventh Judicial Court. Arguments on both appeals were heard on February 3, 2015. On March 11, 2015, the court issued a decision affirming the lower court's dismissal of all of Gillespie's claims and three of the four Diaz claims but reversing and remanding on one remaining claim.

On July 7, 2011, the U.S. District Court for the District of Nevada dismissed the Jajdelski complaint in its entirety and entered a final judgment in favor of Kaplan. On February 13, 2013, the U.S. Circuit Court for the Ninth Judicial Circuit affirmed the dismissal in part and reversed the dismissal on one allegation under the False Claims Act relating to eligibility for Title IV funding based on claims of false attendance. The surviving claim was remanded to the District Court, where Kaplan has moved for summary judgment, which the court granted on March 9, 2015; the plaintiff filed a notice of appeal in the second quarter of 2015.

On April 30, 2011, KHE received a Civil Investigative Demand (CID) from the Office of the Attorney General of the State of Massachusetts. The demand sought information pertaining to KHE’s nationally accredited campuses in Massachusetts known as the Charlestown and Kenmore Square campuses. For reasons unrelated to the CID, the Charlestown campus closed in November 2013 and the Kenmore Square campus closed in February 2013. KHE has cooperated with the Massachusetts Attorney General and provided all the originally requested information, as well as additional information requested in 2012 and 2013. In October 2014, the Attorney General's office sent KHE a “notice of intention to file” letter, a statutory prerequisite to initiating a lawsuit under section 93A of the Massachusetts consumer fraud statute. In July 2015, KHE resolved the investigation pursuant to an Assurance of Discontinuance (AOD) with the Attorney General's office. The AOD included no finding or admission of wrongdoing by KHE. No lawsuit was filed, and no judgment was entered against KHE in connection with this matter. Pursuant to the AOD, KHE agreed to pay $1,375,000.

ED Program Reviews. The U.S. Department of Education (ED) has undertaken program reviews at various KHE locations. Currently, there are five pending program reviews, including the ED’s final reports on the program reviews at KHE’s Broomall, PA, and Pittsburgh, PA, locations, and the program review at Kaplan University.

The Company does not expect the open program reviews to have a material impact on KHE; however, the results of open program reviews and their impact on Kaplan’s operations are uncertain.

The 90/10 Rule. Under regulations referred to as the 90/10 rule, a KHE school would lose its eligibility to participate in Title IV programs for a period of at least two fiscal years if the institution derives more than 90% of its receipts from Title IV programs, as calculated on a cash basis in accordance with the Higher Education Act and applicable ED regulations, in each of two consecutive fiscal years. An institution with Title IV receipts exceeding 90% for a single fiscal year would be placed on provisional certification and may be subject to other enforcement measures. The 90/10 rule calculations are performed for each OPEID unit. KHE is taking various measures to reduce the percentage of its receipts attributable to Title IV funds, including modifying student payment options; emphasizing direct-pay and employer-paid education programs; encouraging students to carefully evaluate the amount of their Title IV borrowing; eliminating some programs; cash-matching; and developing and offering additional non-Title IV-eligible certificate preparation, professional development and continuing education programs. While there can be no guarantee that these measures will be adequate to prevent the 90/10 ratio at some of the schools from exceeding 90% in the future, management currently estimates that each of KHE's continuing operations campuses will be 90/10 compliant in 2015.

13. BUSINESS SEGMENTS

The Company has six reportable segments: Kaplan Higher Education, Kaplan Test Preparation, Kaplan International, cable, television broadcasting and other businesses.

The following table summarizes financial information related to each of the Company's business segments:

(in thousands)	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Operating Revenues				
Education	**$ 523,625**	$ 542,964	**$ 1,024,227**	$ 1,065,118
Cable	**198,681**	200,829	**397,404**	404,750
Television broadcasting	**90,753**	88,297	**174,317**	173,948
Other businesses	**66,512**	42,351	**129,771**	67,264
Corporate office	**—**	—	**—**	—
Intersegment elimination	**—**	(30)	**—**	(128)
	$ 879,571	$ 874,411	**$ 1,725,719**	$ 1,710,952
Income (Loss) From Operations				
Education	**$ 15,848**	$ 17,637	**$ (7,001)**	$ 19,499
Cable	**38,445**	46,780	**77,521**	87,942
Television broadcasting	**42,014**	44,088	**80,576**	88,474
Other businesses	**(2,161)**	(6,995)	**(7,323)**	(17,742)
Corporate office	**(5,251)**	50	**(8,323)**	2,256
	$ 88,895	$ 101,560	**$ 135,450**	$ 180,429
Equity in (Losses) Earnings of Affiliates, Net	**(353)**	91,503	**(757)**	95,555
Interest Expense, Net	**(9,293)**	(7,916)	**(17,255)**	(16,137)
Other Income, Net	**11,678**	268,114	**10,573**	401,387
Income from Continuing Operations Before Income Taxes	**$ 90,927**	$ 453,261	**$ 128,011**	$ 661,234
Depreciation of Property, Plant and Equipment				
Education	**$ 21,980**	$ 15,372	**$ 40,508**	$ 31,788
Cable	**35,405**	33,788	**71,753**	67,575
Television broadcasting	**2,125**	2,039	**4,234**	4,033
Other businesses	**1,254**	780	**2,556**	1,300
Corporate office	**250**	10	**508**	510
	$ 61,014	$ 51,989	**$ 119,559**	$ 105,206
Amortization of Intangible Assets and Impairment of Long-lived Assets				
Education	**$ 8,343**	$ 1,798	**$ 9,850**	$ 3,722
Cable	**30**	59	**61**	94
Television broadcasting	**63**	—	**126**	—
Other businesses	**3,117**	1,138	**6,285**	1,896
Corporate office	**—**	—	**—**	—
	$ 11,553	$ 2,995	**$ 16,322**	$ 5,712
Net Pension (Credit) Expense				
Education	**$ 3,947**	$ 3,566	**$ 7,894**	$ 7,709
Cable	**975**	888	**1,950**	1,752
Television broadcasting	**391**	358	**782**	678
Other businesses	**186**	202	**379**	366
Corporate office	**(16,939)**	(22,933)	**(33,877)**	(40,612)
	$ (11,440)	$ (17,919)	**$ (22,872)**	$ (30,107)

Asset information for the Company’s business segments are as follows:

(in thousands)	As of June 30, 2015	As of December 31, 2014
Identifiable Assets		
Education	**$ 1,576,872**	$ 1,781,543
Cable television	**1,357,414**	1,253,764
Television broadcasting	**305,857**	305,426
Other businesses	**479,049**	518,807
Corporate office	**1,016,812**	524,627
	$ 4,736,004	$ 4,384,167
Investments in Marketable Equity Securities	**173,460**	193,793
Investments in Affiliates	**50,898**	19,811
Prepaid Pension Cost	**1,175,521**	1,152,488
Assets Held for Sale	**46,057**	2,060
Total Assets	**$ 6,181,940**	$ 5,752,319

The Company’s education division comprises the following operating segments:

(in thousands)	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Operating Revenues				
Higher education	**$ 240,717**	$ 251,936	**$ 478,285**	$ 505,715
Test preparation	**80,381**	81,098	**149,607**	148,902
Kaplan international	**200,703**	209,045	**392,784**	407,892
Kaplan corporate and other	**1,959**	1,385	**3,818**	3,399
Intersegment elimination	**(135)**	(500)	**(267)**	(790)
	$ 523,625	$ 542,964	**$ 1,024,227**	$ 1,065,118
Income (Loss) from Operations				
Higher education	**$ 24,764**	$ 20,952	**$ 25,357**	$ 34,096
Test preparation	**7,079**	(3,904)	**2,745**	(10,532)
Kaplan international	**17,573**	16,898	**25,290**	26,756
Kaplan corporate and other	**(33,594)**	(16,401)	**(60,451)**	(30,957)
Intersegment elimination	**26**	92	**58**	136
	$ 15,848	$ 17,637	**$ (7,001)**	$ 19,499
Depreciation of Property, Plant and Equipment				
Higher education	**$ 4,794**	$ 7,080	**$ 9,622**	$ 14,820
Test preparation	**2,263**	3,072	**5,153**	6,856
Kaplan international	**5,073**	4,916	**9,727**	9,596
Kaplan corporate and other	**9,850**	304	**16,006**	516
	$ 21,980	$ 15,372	**$ 40,508**	$ 31,788
Amortization of Intangible Assets	**$ 1,467**	$ 1,798	**$ 2,974**	$ 3,722
Impairment of Long-lived Assets	**$ 6,876**	$ —	**$ 6,876**	$ —
Pension Expense				
Higher education	**$ 2,532**	$ 2,629	**$ 5,064**	$ 5,257
Test preparation	**775**	722	**1,550**	1,444
Kaplan international	**106**	89	**212**	178
Kaplan corporate and other	**534**	126	**1,068**	830
	$ 3,947	$ 3,566	**$ 7,894**	$ 7,709

Identifiable assets for the Company’s education division consist of the following:

(in thousands)	As of June 30, 2015	As of December 31, 2014
Identifiable assets		
Higher education	**$ 544,306**	$ 749,421
Test preparation	**155,304**	167,055
Kaplan international	**836,010**	838,148

Kaplan corporate and other		**41,252**		26,919
	$	**1,576,872**	$	1,781,543

Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition.

This analysis should be read in conjunction with the condensed consolidated financial statements and the notes thereto.

Results of Operations

The Company reported income from continuing operations attributable to common shares of $57.8 million ($9.87 per share) for the second quarter of 2015, compared to $374.9 million ($50.22 per share) for the second quarter of 2014. Net income attributable to common shares was $57.8 million ($9.87 per share) for the second quarter ended June 30, 2015, compared to $750.1 million ($100.48 per share) for the second quarter of last year. Net income includes $375.2 million ($50.26 per share) in income from discontinued operations for the second quarter of 2014. (Refer to “Discontinued Operations” discussion below.)

In connection with the Berkshire exchange transaction that closed on June 30, 2014, the Company acquired 1,620,190 shares of its Class B common stock, resulting in 21% fewer diluted shares outstanding in the second quarter of 2015, versus the same period in 2014.

Items included in the Company’s income from continuing operations for the second quarter of 2015 are listed below:

- $16.6 million in restructuring charges and accelerated depreciation at the education division (after-tax impact of $10.7 million, or $1.82 per share);
- a $6.9 million long-lived asset impairment charge at the education division (after-tax impact of $4.4 million, or $0.75 per share);
- $9.5 million in costs associated with the spin-off of the Cable division, including the modification of restricted stock awards (after-tax impact of $8.2 million, or $1.39 per share);
- $7.7 million in non-operating gains arising from the sales of three businesses and an investment (after-tax impact of $5.0 million, or $0.85 per share); and
- $3.6 million in non-operating unrealized foreign currency gains (after-tax impact of $2.3 million, or $0.39 per share).

Items included in the Company’s income from continuing operations for the second quarter of 2014 are listed below:

- $10.5 million in restructuring charges and software assets write-offs at the education division (after-tax impact of $6.7 million, or $0.90 per share);
- $90.9 million gain from the Classified Ventures' sale of apartments.com (after-tax impact of $58.2 million, or $7.80 per share);
- $266.7 million gain from the Berkshire exchange transaction (after-tax impact of $266.7 million, or $35.73 per share); and
- $2.9 million in non-operating foreign currency gains (after-tax impact of $1.9 million, or $0.25 per share).

Revenue for the second quarter of 2015 was $879.6 million, up 1% from $874.4 million in the second quarter of 2014. Revenues increased in other businesses and at the television broadcasting division, while revenues were down at the education and cable divisions. The Company reported operating income of $88.9 million for the second quarter of 2015, compared to $101.6 million for the second quarter of 2014. Operating results were down at the education, cable and television broadcasting divisions, offset by improvement in other businesses.

For the first six months of 2015, the Company reported income from continuing operations attributable to common shares of $79.2 million ($13.53 per share), compared to $505.3 million ($67.74 per share) for the first six months of 2014. Net income attributable to common shares was $78.4 million ($13.40 per share) for the first six months of 2015, compared to $882.2 million ($118.26 per share) for the same period of 2014. Net income includes $0.8 million ($0.13 per share) in losses and $376.9 million ($50.52 per share) in income from discontinued operations for the first six months of 2015 and 2014, respectively. (Refer to “Discontinued Operations” discussion below.)

Items included in the Company's income from continuing operations for the first six months of 2015 are listed below:

- $27.3 million in restructuring charges and accelerated depreciation at the education division (after-tax impact of $17.5 million, or $2.99 per share);
- a $6.9 million long-lived asset impairment charge at the education division (after-tax impact of $4.4 million, or $0.75 per share);
- $10.9 million in costs associated with the spin-off of the Cable division, including the modification of restricted stock awards (after-tax impact of $9.5 million, or $1.63 per share);
- $13.7 million in non-operating gains arising from the sales of three businesses and an investment, and on the formation of a joint venture (after-tax impact of $8.4 million, or $1.35 per share); and
- $3.2 million in non-operating unrealized foreign currency losses (after-tax impact of $2.1 million, or $0.36 per share).

Items included in the Company's income from continuing operations for the first six months of 2014 are listed below:

• $15.0 million in early retirement program expense, restructuring charges and software asset write-offs at the education division and the corporate office (after-tax impact of $9.6 million, or $1.29 per share);

• $90.9 million gain from the Classified Ventures' sale of apartments.com (after-tax impact of $58.2 million, or $7.80 per share);

• $266.7 million gain from the Berkshire exchange transaction (after-tax impact of $266.7 million, or $35.73 per share);

• $127.7 million gain on the sale of the corporate headquarters building (after-tax impact of $81.8 million, or $11.13 per share); and

• $7.9 million in non-operating unrealized foreign currency gains (after-tax impact of $5.1 million, or $0.69 per share).

Revenue for the first six months of 2015 was $1,725.7 million, up 1% from $1,711.0 million in the first six months of 2014. Revenues increased in other businesses and were flat at the television broadcasting division, while revenues were down at the education and cable divisions. The Company reported operating income of $135.5 million for the first six months of 2015, compared to $180.4 million for the first six months of 2014. Operating results improved in other businesses, but declined at the education, cable and television broadcasting divisions.

On June 30, 2014, the Company and Berkshire Hathaway Inc. completed a transaction in which Berkshire acquired a wholly-owned subsidiary of the Company that included, among other things, WPLG, a Miami-based television station, 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by Graham Holdings and $327.7 million in cash, in exchange for 1,620,190 shares of Graham Holdings Class B common stock owned by Berkshire Hathaway (Berkshire exchange transaction). As a result, income from continuing operations for the second quarter of 2014 includes a $266.7 million gain from the exchange of the Berkshire Hathaway shares, and income from discontinued operations for the second quarter of 2014 includes a $375.0 million gain from the WPLG exchange.

On February 12, 2015, Kaplan entered into a Purchase and Sale Agreement with Education Corporation of America (ECA) to sell substantially all of the assets of its KHE Campuses business, consisting of thirty-eight nationally accredited ground campuses, and certain related assets, in exchange for a preferred equity interest in ECA. The transaction is contingent upon certain regulatory and accrediting agency approvals and is expected to close in the third quarter of 2015.

On July 1, 2015, the Company completed the spin-off of Cable ONE as an independent, publicly traded company. The transaction was structured as a tax-free spin-off of Cable ONE to the stockholders of the Company as one share of Cable ONE common stock was distributed for every share of Class A and Class B common stock of Graham Holdings outstanding on the June 15, 2015, record date. The historical operating results of the Company's cable division will be reported in discontinued operations starting in the third quarter of 2015. For additional information, refer to the Company's Form 8-K filed on July 8, 2015 that includes an unaudited pro forma condensed consolidated balance sheet of the Company's financial position assuming the spin-off occurred on March 31, 2015, and unaudited pro forma condensed consolidated statements of operations of the Company's results of operations for the three months ended March 31, 2015, and for each of the three fiscal years in the period ended December 31, 2014, assuming the spin-off occurred on January 1, 2012.

Division Results

Education

Education division revenue totaled $523.6 million for the second quarter of 2015, down 4% from revenue of $543.0 million for the same period of 2014. Kaplan reported operating income of $15.8 million for the second quarter of 2015, compared to operating income of $17.6 million for the second quarter of 2014. Operating results for the second quarter of 2015 and 2014 include restructuring costs and software assets write-offs of $16.6 million and $10.5 million, respectively. The operating results in the second quarter of 2015 also include a $6.9 million long-lived asset impairment charge.

For the first six months of 2015, education division revenue totaled $1,024.2 million, down 4% from revenue of $1,065.1 million for the same period of 2014. Kaplan reported an operating loss of $7.0 million for the first six months of 2015, compared to operating income of $19.5 million for the first six months of 2014. Restructuring costs and software asset write-offs totaled $27.3 million and $10.5 million for the first six months of 2015 and 2014, respectively. The operating results for the first six months of 2015 also include a $6.9 million long-lived asset impairment charge.

A summary of Kaplan's operating results for the second quarter and first six months of 2015 compared to 2014 is as follows:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands)	**2015**	2014	% Change	**2015**	2014	% Change
Revenue						
Higher education	**$ 240,717**	$ 251,936	(4)	**$ 478,285**	$ 505,715	(5)
Test preparation	**80,381**	81,098	(1)	**149,607**	148,902	0
Kaplan international	**200,703**	209,045	(4)	**392,784**	407,892	(4)
Kaplan corporate and other	**1,959**	1,385	41	**3,818**	3,399	12
Intersegment elimination	**(135)**	(500)	—	**(267)**	(790)	—
	$ 523,625	$ 542,964	(4)	**$ 1,024,227**	$ 1,065,118	(4)
Operating Income (Loss)						
Higher education	**$ 24,764**	$ 20,952	18	**$ 25,357**	$ 34,096	(26)
Test preparation	**7,079**	(3,904)	—	**2,745**	(10,532)	—
Kaplan international	**17,573**	16,898	4	**25,290**	26,756	(5)
Kaplan corporate and other	**(25,251)**	(14,603)	(73)	**(50,601)**	(27,235)	(86)
Amortization of intangible assets	**(1,467)**	(1,798)	18	**(2,974)**	(3,722)	20
Impairment of long-lived assets	**(6,876)**	—	—	**(6,876)**	—	—
Intersegment elimination	**26**	92	—	**58**	136	—
	$ 15,848	$ 17,637	(10)	**$ (7,001)**	$ 19,499	—

Kaplan Higher Education (KHE) includes Kaplan's domestic postsecondary education businesses, made up of fixed-facility colleges and online postsecondary and career programs. KHE also includes the domestic professional and other continuing education businesses.

In 2012, KHE began implementing plans to close or merge 13 ground campuses, consolidate other facilities and reduce its workforce. The last two of these campus closures were completed in the second quarter of 2014. In April 2014, KHE announced plans to close two additional ground campuses, and in July 2014, KHE announced plans to close another three campuses; KHE will teach out the current students and the campus closures will be completed by the end of 2015. In July 2014, KHE also announced plans to further reduce its workforce. In connection with these and other plans, KHE incurred $2.5 million and $5.4 million in restructuring costs for the second quarter and first six months of 2015, respectively, and $2.5 million in restructuring costs in the second quarter and first six months of 2014. For the second quarter of 2015, these costs included severance ($1.0 million), lease obligation losses ($0.9 million) and accelerated depreciation ($0.6 million). For the first six months of 2015 these costs included severance ($2.2 million), lease obligation losses ($1.8 million), accelerated depreciation ($1.3 million) and other items ($0.1 million). For the second quarter and first six months of 2014 these costs included severance ($2.0 million), accelerated depreciation ($0.3 million), lease obligation losses ($0.1 million) and other items ($0.1 million).

In the second quarter of 2015, Kaplan recorded a $6.9 million long-lived asset impairment charge in connection with the KHE Campuses business. KHE results include revenue and operating losses related to all KHE Campuses, those being sold to ECA or closed, as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2015**	2014	**2015**	2014
Revenue	**$ 62,688**	$ 68,749	**$ 124,098**	$ 139,848
Operating loss	**$ (4,079)**	$ (6,092)	**$ (12,470)**	$ (10,575)

In the second quarter and first six months of 2015, KHE revenue declined 4% and 5%, respectively, due largely to declines in average enrollments at Kaplan University and KHE campuses that reflect weaker market demand over the past year and the impact of closed campuses. KHE operating results improved in the second quarter of 2015 due to an overall reduction in operating expenses due to the completion of most of the school closures. KHE operating results were down in the first six months of 2015 due to revenue declines, increased marketing spending at Kaplan University and increased restructuring costs in the first six months of 2015.

New higher education student enrollments at KHE declined 9% in the second quarter of 2015 (down 12% at Kaplan University and down 1% at the Other Campuses). New student enrollments declined 10% for the first six months of 2015 (down 10% at Kaplan University and down 9% at the Other Campuses). The declines reflect the generally lower demand across KHE and the impact of closed campuses.

Total students at June 30, 2015, were down 10% compared to June 30, 2014, and declined 9% compared to March 31, 2015. A summary of student enrollments is as follows:

	As of		
	June 30, 2015	March 31, 2015	June 30, 2014
Kaplan University	**41,054**	45,680	44,515
Other Campuses	**14,152**	14,850	16,508
	55,206	60,530	61,023

Kaplan University and Other Campuses enrollments at June 30, 2015 and 2014, by degree and certificate programs, are as follows:

	As of June 30	
	2015	2014
Certificate	**22.1%**	21.1%
Associate’s	**25.5%**	30.2%
Bachelor’s	**35.8%**	32.2%
Master’s	**16.6%**	16.5%
	100.0%	100.0%

Kaplan Test Preparation (KTP) includes Kaplan’s standardized test preparation programs. KTP revenue declined 1% for the second quarter of 2015 and was flat for the first six months of 2015. Excluding revenues from acquired businesses, KTP revenue decreased 4% and 3% in the second quarter and first six months of 2015, respectively. Enrollment was down 12% and 6% for the second quarter and first six months of 2015, respectively, due primarily to declines in graduate programs. KTP recorded a $7.7 million software asset write-off in the second quarter of 2014 due to a decision to consolidate certain learning management systems. In comparison, KTP operating results improved in the second quarter and first six months of 2015 due to a reduction in operating expenses from tighter cost controls and the inclusion of the software asset write-offs in 2014.

Kaplan International includes English-language programs, and postsecondary education and professional training businesses largely outside the United States. Kaplan International revenue declined 4% in both the second quarter and first six months of 2015 due to the adverse impact of foreign exchange rates. On a constant currency basis, Kaplan International revenue increased 6% and 5% for the second quarter and first six months of 2015, respectively, due to enrollment growth in Australia and in Singapore higher education programs, offset by enrollment declines in English-language programs. Kaplan International operating income improved in the second quarter of 2015 due to improved results from operations in Australia and Singapore, offset by declines in English-language results. Kaplan International operating income was down in the first six months of 2015 due to declines in English-language results, offset by improved results from operations in Australia and Singapore.

Kaplan corporate and other represents unallocated expenses of Kaplan, Inc.’s corporate office, other minor businesses and certain shared activities. In the second quarter of 2015, Kaplan corporate recorded $13.6 million in restructuring charges, including accelerated depreciation ($9.7 million) and lease obligation losses ($3.8 million) related to office space managed by Kaplan corporate. In the first six months of 2015, Kaplan corporate recorded

$21.2 million in restructuring charges, including accelerated depreciation ($16.2 million) and lease obligation losses ($4.9 million) related to office space managed by Kaplan corporate. Kaplan corporate expenses also increased in the first six months of 2015 due to increased spending for new business initiatives and replacement of its human resource system, offset by a reduction in incentive compensation costs.

In the second quarter of 2015, Kaplan sold two small businesses; one was part of KHE and the other was part of Kaplan International. The gains on these dispositions are included in other non-operating income in the second quarter of 2015.

Kaplan continues to evaluate its cost structure and is pursuing additional cost savings opportunities that will result in additional restructuring plans and related costs in 2015.

Cable

Cable division revenue declined 1% in the second quarter of 2015 to $198.7 million, from $200.8 million for the second quarter of 2014, due to 4% fewer customers and 8% fewer Primary Service Units (PSUs). Cable division revenue declined 2% in the first six months of 2015 to $397.4 million, from $404.8 million for the first six months of 2014. Cable division operating income declined 18% in the second quarter of 2015 to $38.4 million, from $46.8 million in the second quarter of 2014; for the first six months of 2015, operating income declined 12% to $77.5 million, from $87.9 million in the first six months of 2014. The operating income declines are due to lower revenues, and increased stock compensation and depreciation expense, offset by reduced programming costs due to fewer customers. In anticipation of the spin-off of Cable ONE, in the second quarter of 2015, the Company accelerated vesting on restricted stock awards held by Cable ONE employees, resulting in an incremental $3.7 million in stock compensation expense recorded in the second quarter of 2015.

PSUs include about 5,100 subscribers who receive free basic cable service, primarily local governments, schools, and other organizations as required by various franchise agreements. A summary of PSUs and total customers is as follows:

	As of June 30	
	2015	2014
Video	**399,878**	490,309
High-speed data	**497,036**	482,725
Voice	**138,742**	158,814
Total Primary Service Units (PSUs)	**1,035,656**	1,131,848
Total Customers	**672,021**	698,699

As discussed above, the spin-off of Cable ONE was completed on July 1, 2015 and the historical operating results of the Company's cable division will be reported in discontinued operations starting in the third quarter of 2015.

Television Broadcasting

Revenue at the television broadcasting division increased 3% to $90.8 million in the second quarter of 2015, from $88.3 million in the same period of 2014; operating income for the second quarter of 2015 was down 5% to $42.0 million, from $44.1 million in the same period of 2014. The increase in revenue is due to $4.4 million in increased retransmission revenues, offset by a $2.5 million decrease in political advertising revenue compared to the second quarter of 2014. The decline in operating income is due to an increase in spending on digital initiatives, offset by the revenue increase.

Revenue at the television broadcasting division increased slightly to $174.3 million in the first six months of 2015, from $173.9 million in the same period of 2014; operating income for the first six months of 2015 was down 9% to $80.6 million, from $88.5 million in the same period of 2014. The increase in revenue is due to $6.7 million in increased retransmission revenues and revenues from the Super Bowl at the Company's NBC affiliates in February 2015, offset by a $4.2 million decrease in political advertising revenue compared to the first six months of 2014 and $9.5 million in incremental winter Olympics-related advertising revenue at the Company’s NBC affiliates booked in the prior year. The decline in operating income is due to an increase in spending on digital initiatives.

In the first quarter of 2015, the Company’s WKMG station in Orlando, FL renewed their network affiliation agreement with CBS for a four-year term ending in April 2019.

Other Businesses

Other businesses includes the operating results of The Slate Group and Foreign Policy Group, which publish online and print magazines and websites; SocialCode, a marketing solutions provider helping companies with marketing on social-media platforms; Celtic Healthcare, a provider of home health and hospice services; Forney, a global supplier of products and systems that control and monitor combustion processes in electric utility and industrial applications; and Trove, a digital innovation team that builds products and technologies in the news space. Other businesses also includes a number of businesses acquired during 2014. These businesses include:

- VNA-TIP Healthcare of Bridgeton, MO, provider of home health care and hospice services in Missouri and Illinois;

- Joyce/Dayton Corp., a Dayton, OH-based manufacturer of screw jacks and other linear motion systems; and

- Residential Healthcare Group, Inc. (Residential), a leading provider of skilled home health care and hospice services in Michigan and Illinois.

The increase in revenues and operating results for the first six months of 2015 is primarily due to newly acquired businesses in 2014, and increased revenues and improved results at SocialCode and Celtic.

In January 2015, Celtic Healthcare and Allegheny Health Network formed a joint venture to combine each other's home health and hospice assets in the western Pennsylvania region. Celtic manages the operations of the joint venture for a fee and holds a 40% interest. The pro rata operating results of the joint venture are included in the Company's equity in earnings of affiliates. In connection with this transaction, the Company recorded a noncash pre-tax gain of $6.0 million in the first quarter of 2015 that is included in Other Non-Operating Income.

In the second quarter of 2015, the Company sold The Root, an online magazine; the related gain on disposition is included in other non-operating income.

Corporate Office

Corporate office includes the expenses of the Company's corporate office, the pension credit for the Company's traditional defined benefit plan and certain continuing obligations related to prior business dispositions. In the first quarter of 2014, the corporate office implemented a Separation Incentive Program that resulted in early retirement program expense of $4.5 million, which is being funded from the assets of the Company's pension plan. Excluding early retirement program expense, the total pension credit for the Company's traditional defined benefit plan was $34.1 million and $45.4 million in the first six months of 2015 and 2014, respectively.

Excluding the pension credit and early retirement program expense, the corporate office expense increase in the first six months of 2015 is due primarily to $7.2 million in expenses related to the cable spin-off transaction, offset by expenses incurred in 2014 related to certain acquisitions. As a result of the spin-off, the Company remeasured the accumulated and projected benefit obligation of the pension plan as of July 1, 2015. The Company expects to record an estimated net pension credit of $40 million in the second half of 2015 as a result of the new measurement basis.

Equity in (Losses) Earnings of Affiliates

At June 30, 2015, the Company held a 40% interest in the Celtic joint venture and Residential Home Health Illinois, a 42.5% interest in Residential Hospice Illinois, and interests in several other affiliates. In the second quarter of 2015, the Company acquired an approximate 20% interest in HomeHero, a company that created and manages an online senior home care marketplace. At June 30, 2014, the Company held a 16.5% interest in Classified Ventures, LLC (CV) and interests in several other affiliates. On October 1, 2014, the Company and the remaining partners in CV completed the sale of their entire stakes in CV.

The Company recorded equity in losses of affiliates of $0.4 million for the second quarter of 2015, compared to income of $91.5 million for the second quarter of 2014. The Company recorded equity in losses of affiliates of $0.8 million for the first six months of 2015, compared to income of $95.6 million for the first six months of 2014. The equity in earnings of affiliates for the second quarter and first six months of 2014 was from the Company's CV investment, which included a pre-tax gain of $90.9 million from Classified Ventures' sale of apartments.com in the second quarter of 2014.

Other Non-Operating Income

The Company recorded total other non-operating income, net, of $11.7 million for the second quarter of 2015, compared to income of $268.1 million for the second quarter of 2014. The 2015 amounts included a $4.8 million increase to the CV gain, $2.9 million in gains from the sales of businesses, $3.6 million in unrealized foreign currency gains and other items. The 2014 amounts included a pre-tax gain of $266.7 million in connection with the Company's exchange of Berkshire shares, $2.9 million in unrealized foreign currency gains and other items.

The Company recorded total other non-operating income, net, of $10.6 million for the first six months of 2015, compared to income of $401.4 million for the first six months of 2014. The 2015 amounts included a $6.0 million gain on the Celtic joint venture transaction, the $4.8 million increase to the CV gain, $2.9 million in gains from the sales of businesses, and other items, offset by $3.2 million in unrealized foreign currency losses. The 2014 amounts included the pre-tax gain of $266.7 million in connection with the Company's exchange of Berkshire shares, the pre-tax $127.7 million gain on the sale of the headquarters building, $7.9 million in unrealized foreign currency gains and other items.

Net Interest Expense and Related Balances

The Company incurred net interest expense of $9.3 million and $17.3 million for the second quarter and first six months of 2015, respectively, compared to $7.9 million and $16.1 million for the first quarter and first six months of 2014. At June 30, 2015, the Company had $954.8 million in borrowings outstanding at an average interest rate of 6.0% and cash, marketable equity securities and other investments of $1,446.0 million.

In June 2015, in anticipation of the Cable ONE spin-off, Cable ONE issued debt consisting of $450 million in senior unsecured notes and a $100 million term loan. With the spin-off effective on July 1, 2015, this debt is no longer an obligation of the Company. Additionally, Cable ONE retained approximately $100 million in cash on the July 1, 2015 effective date.

Provision for Income Taxes

The effective tax rate for income from continuing operations for the first six months of 2015 was 36.7%, compared to 23.6% for the first six months of 2014. The lower effective tax rate in 2014 relates to the Berkshire exchange transaction. The pre-tax gain of $266.7 million related to the disposition of the Berkshire shares was not subject to income tax as the exchange qualifies as a tax-free distribution.

Discontinued Operations

In the third quarter of 2014, Kaplan completed the sale of three of its schools in China that were previously part of Kaplan International. An additional school was sold by Kaplan in January 2015.

In the second quarter of 2014, the Company closed on the Berkshire exchange transaction, which included the disposition of WPLG, the Company's Miami-based television station.

As a result of these transactions, income from continuing operations excludes the operating results and related gain (loss) on dispositions of these businesses, which have been reclassified to discontinued operations, net of tax, for all periods presented.

Earnings (Loss) Per Share

The calculation of diluted earnings per share for the second quarter and first six months of 2015 was based on 5,804,511 and 5,797,756 weighted average shares outstanding, respectively, compared to 7,363,492 and 7,361,441 for the second quarter and first six months of 2014. At June 30, 2015, there were 5,843,313 shares outstanding. On May 14, 2015, the Board of Directors authorized the Company to acquire up to 500,000 shares of its Class B common stock; the Company has remaining authorization for all 500,000 shares as of June 30, 2015.

Kaplan Higher Education (KHE) Regulatory Matters

The Department of Education (ED) convened a negotiated rulemaking committee in September 2013 to develop new proposed gainful employment regulations. A final regulation was released on October 31, 2014. The final regulation implements debt-to-earnings thresholds that, effective July 1, 2015, require each program subject to the GE regulations (which include most of KHE's programs) to show that its graduates' debt payments on loans taken to attend the program are no more than specified percentages of annual or discretionary income. The ED will calculate this debt-to-earnings ratio using income information gained from the Social Security Administration and federal Title IV and private loan data provided by the schools. If a program's graduates' debt payments exceed 8% of the graduates' mean and median annual earnings and 20% of the graduates' mean and median discretionary earnings, the program will be placed on a warning status requiring certain disclosures to the public. Four consecutive years on a warning status will result in the program becoming ineligible for federal aid Title IV participation. If a program's graduates' debt payments exceed 12% of the graduates' mean and median annual earnings and 30% of the graduates' mean and median discretionary earnings, the program will fail the gainful employment test. If a program fails the test two times within three years, it will become ineligible for federal aid Title IV participation. The regulation also includes revised requirements for program approval and public disclosure of certain outcomes (graduation, placement, repayment rates and other consumer information).

Some of the data needed to compute program eligibility under the regulatory language are not readily accessible, including graduate incomes, which will be compiled by the Social Security Administration. In addition, the continuing eligibility of programs for Title IV funding may be affected by factors beyond Kaplan's control, such as changes in the actual or deemed income level of its graduates, changes in student borrowing levels, increases in interest rates, changes in the U.S. Federal poverty income level relevant for calculating one of the proposed metrics and other factors. As a result, the ultimate outcome of GE regulations and their impact on Kaplan's operations are still uncertain. Kaplan is making efforts to mitigate the potential negative impact of GE. These efforts include increasing career services support, implementing financial literacy counseling, creating program-specific tuition reductions and scholarships, and revising the pricing model to implement a tuition cap for at-risk programs. Although Kaplan is taking these and other steps to address compliance with GE regulations, there can be no guarantee that these measures will be adequate to prevent a material number of programs from either failing the GE tests or being put on warning status. This could cause Kaplan to eliminate or limit enrollments in certain educational programs at some or all of its schools, result in the loss of student access to Title IV programs and have a material adverse effect on KHE's revenues, operating income, cash flows and the estimated fair value of the reporting unit.

Financial Condition: Capital Resources and Liquidity

Acquisitions, Dispositions and Exchanges

Acquisitions. In the first six months of 2015, the Company did not make any acquisitions. In the first six months of 2014, the Company acquired six business included in other businesses and in its education division totaling $133.5 million; the purchase price allocation comprised goodwill, other intangible assets, property, plant and equipment, and other current assets.

On April 1, 2014, Celtic Healthcare acquired VNA-TIP Healthcare, a provider of home health and hospice services in Missouri and Illinois. On May 30, 2014, the Company completed its acquisition of Joyce/Dayton Corp., a Dayton, OH-based manufacturer of screw jacks and other linear motion systems. On July 3, 2014, the Company completed its acquisition of an 80% interest in Residential Healthcare Group, Inc., the parent company of Residential Home Health and Residential Hospice, providers of skilled home health care and hospice services in Michigan and Illinois. Residential Healthcare Group, Inc. has a 40% ownership interest in Residential Home Health Illinois and a 42.5% ownership interest in Residential Hospice Illinois, which are accounted for as investments in affiliates. The operating results of these businesses are included in other businesses.

Dispositions. In the second quarter of 2015, the Company sold The Root, a component of Slate, and Kaplan sold two small businesses, Structuralia, which was part of Kaplan International, and Fire and EMS Training, which was part of Kaplan Higher Education. As a result of these sales, the Company reported gains in other non-operating income (see Note 10). In the third quarter of 2014, Kaplan completed the sale of three of its schools in China that were previously included as part of Kaplan International. In January 2015, Kaplan completed the sale of an additional school in China.

On February 12, 2015, Kaplan entered into a Purchase and Sale Agreement with Education Corporation of America (ECA) to sell substantially all of the assets of its KHE Campuses business, consisting of 38 nationally accredited ground campuses and certain related assets, in exchange for a preferred equity interest in ECA. KHE Campuses schools that have been closed or are in the process of closing are not included in the sale transaction. The transaction is contingent upon certain regulatory and accrediting agency approvals and is expected to close in the third quarter of 2015.

In the second quarter of 2015, Kaplan recorded a $6.9 million long-lived assets impairment charge in connection with the KHE Campuses business.

Exchanges. On June 30, 2014, the Company and Berkshire Hathaway Inc. completed a previously announced transaction in which Berkshire acquired a wholly-owned subsidiary of the Company that included, among other things, WPLG, a Miami-based television station, 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by Graham Holdings and $327.7 million in cash, in exchange for 1,620,190 shares of Graham Holdings Class B common stock owned by Berkshire Hathaway (Berkshire exchange transaction).

Other. In January 2015, Celtic and AHN closed on the formation of a joint venture to combine each other’s home health and hospice assets in the western Pennsylvania region. Although Celtic manages the operations of the joint venture, Celtic holds a 40% interest in the joint venture, so the operating results of the joint venture are not consolidated and the pro rata operating results are included in the Company’s equity in earnings of affiliates. Celtic’s revenues from the western Pennsylvania region that are now part of the joint venture made up 29% of total Celtic revenues in 2014.

Capital Expenditures

During the first six months of 2015, the Company’s capital expenditures totaled $99.5 million. This amount includes assets acquired during the year, whereas the amounts reflected in the Company's Condensed Statements of Cash Flows are based on cash payments made during the relevant periods. The Company estimates that its capital expenditures will be in the range of $120 million to $130 million in 2015, excluding any future capital expenditures for the Cable division.

Liquidity

The Company’s borrowings increased by $508.8 million, to $954.8 million at June 30, 2015, as compared to borrowings of $445.9 million at December 31, 2014, due to the issuance of Cable ONE’s $450 million unsecured notes and $100 million term loan, offset by the payoff of the AUD 50 million borrowing in March 2015. With the Cable ONE spin-off effective on July 1, 2015, this debt is no longer an obligation of the Company.

At June 30, 2015, the Company had cash and cash equivalents, restricted cash and investments in marketable securities and other investments totaling $1,446.0 million, compared with $1,024.4 million at December 31, 2014. The increase is due to the issuance of Cable ONE’s $450 million unsecured notes and the $100 million Cable ONE received from their term loan borrowing, offset by significant income tax payments in the first quarter of 2015 and other investing and financing activities. As part of the Cable ONE spin-off, Cable ONE retained $100 million in cash on the July 1, 2015 effective date.

As of June 30, 2014, the Company held investments in commercial paper totaling $99.9 million with original maturities of 91 to 180 days. The Company did not have any investments in commercial paper at June 30, 2015 with original maturities of over 90 days. For the first six months of 2014, these investments are presented in the Company’s Condensed Consolidated Statements of Cash Flows as net cash used in investing activities.

On June 17, 2015, the Company terminated its U.S. $450 million, AUD 50 million four-year revolving credit facility dated June 17, 2011. No borrowings were outstanding under the 2011 Credit Agreement at the time of termination. On June 29, 2015, the Company entered into a credit agreement (the Credit Agreement) providing for a new U.S. $200 million five-year revolving credit facility (the Facility) with each of the lenders party thereto, Wells Fargo Bank, National Association as Administrative Agent (Wells Fargo), JPMorgan Chase Bank, N.A., as Syndication Agent, and HSBC Bank USA, National Association, as Documentation Agent (the Credit Agreement). The Company is required to pay a commitment fee on a quarterly basis, based on the Company's leverage ratio, of between 0.15% and 0.25% of the amount of the Facility. Any borrowings are made on an unsecured basis and bear interest at the Company’s option, either at (a) a fluctuating interest rate equal to the highest of Wells Fargo’s prime rate, 0.50 percent above the Federal funds rate or the one-month Eurodollar rate plus 1%, or (b) the Eurodollar rate for the applicable interest period as defined in the Credit Agreement which is generally a periodic rate equal to LIBOR, in each case plus an applicable margin that depends on the Company’s consolidated debt to consolidated adjusted EBITDA (as determined pursuant to the Credit Agreement, “leverage ratio”). The Company may draw on the Facility for general corporate purposes. The Facility will expire on July 1, 2020, unless the Company and the banks agree to extend the term. Any outstanding borrowings must be repaid on or prior to the final termination date. The Credit Agreement contains terms and conditions, including remedies in the event of a default by the Company, typical of facilities of this type and requires the Company to maintain a leverage ratio of not greater than 3.5 to 1.0 and a consolidated interest coverage ratio of at least 3.5 to 1.0 based upon the ratio of consolidated adjusted EBITDA to consolidated interest expense as determined pursuant to the Credit Agreement.

As a result of the Cable ONE spin-off, the Company expects to reduce its regular quarterly dividend to be paid in the fourth quarter of 2015 to $1.15 per share. The Company also intends to retire the Series A redeemable preferred stock in October 2015.

On June 30, 2014, the Company and Berkshire Hathaway Inc. completed a previously announced transaction in which Berkshire acquired a wholly-owned subsidiary of the Company that included, among other things, WPLG, a Miami-based television station, 2,107 Class A Berkshire shares and 1,278 Class B Berkshire shares owned by Graham Holdings and $327.7 million in cash, in exchange for 1,620,190 shares of Graham Holdings Class B common stock owned by Berkshire Hathaway (Berkshire exchange transaction).

On March 27, 2014, the Company completed the sale of its headquarters building for approximately $158.0 million. On April 1, 2014, the Company received a gross cash distribution of $95.0 million from Classified Ventures' sale of apartments.com.

On March 12, 2014, Moody’s placed the Company’s senior unsecured rating and its Prime-2 commercial paper rating on review for downgrade. On June 26, 2014, Moody’s downgraded the Company’s long-term credit ratings by two levels from “Baa1” to “Baa3” and the short-term rating by one level from Prime-2 to Prime-3 and changed the outlook to stable. In November 2014, S&P placed the Company’s “BBB” corporate credit rating and “A-2” short-term rating on Credit Watch with negative implications, and Moody’s placed the Company’s “Baa3” senior unsecured rating under review for possible downgrade. On June 24, 2015, due to the pending Cable spin-off, Moody’s downgraded the Company’s long-term credit ratings from “Baa3” to “Ba1” and the short-term rating from “Prime-3” to “NP”. On July 1, 2015, due to the Cable ONE spin-off, S&P lowered its corporate credit rating from “BBB” to “BB+” and its short-term rating from “A-2” to “B”. In addition, S&P removed the ratings from Credit Watch.

The Company's current credit ratings are as follows:

	Moody's	Standard & Poor's
Long-term	Ba1	BB+
Short-term	Not Prime	B

At June 30, 2015 and December 31, 2014, the Company had working capital of $1,209.3 million and $639.9 million, respectively. The Company maintains working capital levels consistent with its underlying business requirements and consistently generates cash from operations in excess of required interest or principal payments. The Company expects to fund its estimated capital needs primarily through existing cash balances and internally generated funds. In management's opinion, the Company will have sufficient liquidity to meet its various cash needs throughout 2015.

There were no significant changes to the Company's contractual obligations or other commercial commitments from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Forward-Looking Statements

This report contains certain forward-looking statements that are based largely on the Company's current expectations. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results and achievements to differ materially from those expressed in the forward-looking statements. For more information about these forward-looking statements and related risks, please refer to the section titled "Forward-Looking Statements" in Part I of the Company's Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Company is exposed to market risk in the normal course of its business due primarily to its ownership of marketable equity securities, which are subject to equity price risk; to its borrowing and cash-management activities, which are subject to interest rate risk; and to its foreign business operations, which are subject to foreign exchange rate risk. The Company's market risk disclosures set forth in its 2014 Annual Report filed on Form 10-K have not otherwise changed significantly.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was performed by the Company's management, with the participation of the Company's Chief Executive Officer (the Company's principal executive officer) and the Company's Senior Vice President-Finance (the Company's principal financial officer), of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), as of June 30, 2015. Based on that evaluation, the Company's Chief Executive Officer and Senior Vice President-Finance have concluded that the Company's disclosure controls and procedures, as designed and implemented, are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Senior Vice President-Finance, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

The Company is implementing a human capital management solution globally which is expected to improve the efficiency of our resource management and payroll processes. The system was implemented at the majority of business units at the end of the second quarter and is scheduled to be completed during 2015. The implementation will affect certain processes that support our internal control over financial reporting and will require testing for effectiveness. We do not expect the implementation to alter our conclusions regarding the effectiveness of our control environment.

With the exception of the foregoing, there were no changes in our internal control over financial reporting during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors.

The Company faces a number of significant risks and uncertainties in connection with its operations. If any of the events or developments described below occurs, it could have a material adverse effect on the Company’s business, financial condition or results of operations.

Other than as subsequently discussed, there have been no material changes to the Risk Factors disclosed in our 2014 Form 10-K.

- **The spin-off could result in significant tax liability to us and our stockholders.**

In connection with our spin-off of Cable One, we received a written opinion of counsel to the effect that the distribution of Cable One common stock in the spin-off (the “Distribution”) should qualify for non-recognition of gain and loss under Section 355 of the Internal Revenue Code.

The opinion assumed that the spin-off was completed according to the terms of the transaction documents for the spin-off and relied on the facts as stated in those documents and a number of other documents. The opinion cannot be relied on if any of these assumptions or statements are incorrect, incomplete or inaccurate in any material respect. The opinion of counsel is not binding on the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service or a court will not take a contrary position.

If the Distribution were determined not to qualify for non-recognition of gain and loss, our stockholders could be subject to tax. In this case, each U.S. stockholder who received Cable One common stock in the Distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of the Cable One common stock received in the Distribution, which would generally result in (1) a taxable dividend to the holder to the extent of the holder’s pro rata share of our current and accumulated earnings and profits; (2) a reduction in the holder’s tax basis (but not below zero) in our common stock to the extent the amount received exceeds the holder’s share of our earnings and profits; and (3) a taxable gain from the exchange of our common stock to the extent the amount received exceeds the sum of the holder’s share of our earnings and profits and the holder’s tax basis in our common stock.

In addition, Section 355(e) of the Internal Revenue Code generally creates a presumption that the Distribution would be taxable to us, but not to our stockholders, if we, Cable One or any of our respective stockholders were to engage in transactions that result in a 50% or greater change by vote or value in the ownership of our stock or the stock of Cable One during the four-year period beginning on the date that begins two years before the date of the Distribution, unless it were established that such transactions and the Distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. If the Distribution were taxable to us due to such a 50% or greater change in ownership, we would recognize gain equal to the excess of the fair market value of the Cable One common stock distributed to our stockholders in the Distribution over our tax basis in the Cable One common stock. Any such tax liability could be material.

Item 6. Exhibits.

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of June 16, 2015, by and between the Company and Cable One, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated June 11, 2015).
3.1	Restated Certificate of Incorporation of the Company dated November 13, 2003 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2003).
3.2	Certificate of Amendment, effective November 29, 2013, to the Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's current Report on Form 8-K dated November 29, 2013).
3.3	Certificate of Designation for the Company's Series A Preferred Stock dated September 22, 2003 (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to the Company's Current Report on Form 8-K dated September 22, 2003).
3.4	By-Laws of the Company as amended and restated through November 29, 2013 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated November 29, 2013).
4.1	Second Supplemental Indenture dated January 30, 2009, between the Company and The Bank of New York Mellon Trust Company, N.A., as successor to The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated January 30, 2009).
4.2	Five Year Credit Agreement, dated as of June 29, 2015, among the Company, and certain of its domestic subsidiaries as guarantors, the several lenders from time to time party thereto, Wells Fargo Bank, National Association, as Administrative Agent and JPMorgan Chase Bank, N.A., as Syndication Agent. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 29, 2015).
10.1	Tax Matters Agreement, dated as of June 16, 2015, by and between the Company and Cable One, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 11, 2015).
10.2	Employee Matters Agreement, dated as of June 16, 2015, by and between the Company and Cable One, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated June 11, 2015).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer.
101	The following financial information from Graham Holdings Company Quarterly Report on Form 10-Q for the period ended June 30, 2015, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2015 and 2014, (ii) Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2015 and 2014, (iii) Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014, (iv) Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014, and (v) Notes to Condensed Consolidated Financial Statements. Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed "furnished" and not "filed" or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements 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.

GRAHAM HOLDINGS COMPANY
(Registrant)

Date: August 5, 2015

/s/ Donald E. Graham

Donald E. Graham,
Chairman & Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2015

/s/ Hal S. Jones

Hal S. Jones,
Senior Vice President-Finance
(Principal Financial Officer)

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donald E. Graham, Chief Executive Officer (principal executive officer) of Graham Holdings Company (the “Registrant”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Donald E. Graham

Donald E. Graham
Chief Executive Officer
August 5, 2015

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Hal S. Jones, Senior Vice President-Finance (principal financial officer) of Graham Holdings Company (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Hal S. Jones
Hal S. Jones
Senior Vice President–Finance
August 5, 2015

Exhibit 32

SECTION 1350 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Graham Holdings Company (the “Company”) on Form 10-Q for the period ended June 30, 2015 (the “Report”), Donald E. Graham, Chief Executive Officer of the Company and Hal S. Jones, Senior Vice President-Finance of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Graham

Donald E. Graham
Chief Executive Officer
August 5, 2015

/s/ Hal S. Jones

Hal S. Jones
Senior Vice President-Finance
August 5, 2015