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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported) July 1, 2015**

**GRAHAM HOLDINGS COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**1-6714**  
(Commission  
File Number)

**53-0182885**  
(I.R.S. Employer  
Identification No.)

**1300 North 17th Street, Arlington, Virginia**  
(Address of principal executive offices)

**22209**  
(Zip Code)

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

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 2.01 Completion of Acquisition or Disposition of Assets**

On November 13, 2014, Graham Holdings Company (the "Company") announced a plan for the complete legal and structural separation of its wholly owned subsidiary, Cable One, Inc. ("Cable ONE"), from the Company (also referred to herein as the "Spin-Off"). On July 1, 2015, the Company completed the Spin-Off and distributed, on a pro rata basis, all of the shares of Cable ONE common stock to the Company's stockholders of record as of June 15, 2015. Immediately following the completion of the Spin-Off, the Company's stockholders owned 100% of the outstanding shares of common stock of Cable ONE. Following the Spin-Off, Cable ONE operates as an independent publicly-traded company.

## **Item 8.01 Other Events**

The Company and Cable ONE issued a press release on July 1, 2015 announcing that they completed the Spin-Off, a copy of which is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

## **Item 9.01 Financial Statements and Exhibits**

### ***(b) Pro forma financial information***

The unaudited pro forma condensed consolidated balance sheet of the Company as of March 31, 2015, and the unaudited pro forma condensed consolidated statements of income of the Company for the three months ended March 31, 2015 and each of the last three fiscal years ended December 31, 2014, are filed as Exhibit 99.2 to this Current Report on Form 8-K.

### ***(d) Exhibits***

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	Press Release of Graham Holdings Company and Cable One, Inc., dated July 1, 2015
99.2	Unaudited Pro Forma Condensed Consolidated Financial Information

**SIGNATURE**

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 hereunto duly authorized.

GRAHAM HOLDINGS COMPANY  
(Registrant)

Date: July 8, 2015

/s/ Nicole Maddrey

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**Nicole Maddrey**  
**Senior Vice President, Secretary and General Counsel**

## Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of Graham Holdings Company and Cable One Inc., dated July 1, 2015
99.2	Unaudited Pro Forma Condensed Consolidated Financial Information

## Graham Holdings Completes Spin-off of Cable ONE

ARLINGTON, VA—July 1, 2015—Graham Holdings Company (NYSE:GHC) today announced that it has completed the previously announced spin-off of Cable ONE. Effective at 12:01 a.m. on July 1, 2015, 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. Beginning today, Cable ONE will trade on the New York Stock Exchange under the ticker symbol “CABO.”

No action is required by Graham Holdings stockholders to receive the shares of Cable ONE stock. Stockholders who held GHC common stock on June 15, 2015, will receive a book entry account statement reflecting their ownership of CABO common stock or their brokerage account will be credited with the CABO shares.

Thomas O. Might, president and chief executive officer of Cable ONE, said: “Cable ONE is extremely well positioned as an independent company to continue its tradition of excellent returns for its shareholders, rewarding careers for its associates and unusually high satisfaction for its customers.”

Donald E. Graham, chairman and chief executive officer of Graham Holdings, said: “Cable One, which Katharine Graham called her best acquisition ever, has been centrally important to Graham Holdings for 30 years. And, Tom Might and much of his able management team have been part of the place even longer. We all believe Cable ONE will have an impressive future.”

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements in this press release due to changes in economic, business, competitive, technological, strategic and/or regulatory factors and other factors affecting the operation of Graham Holdings Company’s businesses. More detailed information about these factors may be found in filings by Graham Holdings Company with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Graham Holdings Company is under no obligation, and expressly disclaims any such obligation, to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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### **About Graham Holdings Company**

Graham Holdings Company (NYSE:GHC) is a diversified education and media company whose operations include educational services; television broadcasting; online, print and local TV news; home health and hospice care; and manufacturing. The Company owns Kaplan, a leading global provider of educational services; Graham Media Group (WDIV–Detroit, KPRC–Houston, WKMG–Orlando, KSAT–San Antonio, WJXT–Jacksonville); The Slate Group (Slate and Panoply); and Foreign Policy. The Company also owns Trove, a social news aggregator; SocialCode, a leading social marketing solutions company; Celtic Healthcare and Residential Healthcare Group, home health and hospice providers; Joyce/Dayton Corp., a manufacturer of screw jacks, linear actuators and lifting systems; and Forney Corporation, a manufacturer of burners, igniters, dampers and controls for combustion processes in electric utility and industrial applications.

### **About Cable ONE**

Serving nearly 700,000 customers in 19 states with high speed Internet, cable television and telephone service, Cable ONE (NYSE:CABO) provides consumers with a wide range of the latest products and services, including wireless Internet service, high-definition programming and phone service with free, unlimited long-distance calling in the continental U.S.

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**UNAUDITED PRO FORMA  
CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

On July 1, 2015, Graham Holdings Company (the "Company") completed the spin-off (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 of record at 5:00pm EDT on June 15, 2015. Cable ONE is now an independent company trading on the New York Stock Exchange under the symbol "CABO." The distribution was made pursuant to a Separation and Distribution Agreement, dated as of June 16, 2015, between the Company and Cable ONE. The transaction was structured as a tax-free spin-off of Cable ONE for U.S. Federal income tax purposes.

After the distribution date, the Company does not beneficially own any shares of Cable ONE common stock and the Company will not consolidate the financial results of Cable ONE for the purposes of its own reporting for periods after July 1, 2015. 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.

The accompanying unaudited pro forma condensed consolidated balance sheet presents the Company's financial position assuming the Spin-Off occurred on March 31, 2015. The accompanying unaudited pro forma condensed consolidated statements of operations present 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.

The unaudited pro forma condensed consolidated financial statements have been prepared using assumptions and estimates that the Company believes are reasonable under the circumstances and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the transactions described herein had taken place on the dates indicated, nor are they indicative of the future consolidated results of the Company. However, management believes that the estimates and assumptions used provide a reasonable basis for presenting the significant effects of the Spin-Off and related transactions. Management also believes the pro forma adjustments give appropriate effect to the estimates and assumptions and are applied in conformity with accounting principles generally accepted in the United States of America.

The accompanying unaudited pro forma condensed consolidated balance sheet as of March 31, 2015, and the unaudited pro forma condensed consolidated statements 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, should be read in conjunction with the historical financial statements of the Company for the three months ended March 31, 2015 (unaudited), and for each of the three fiscal years in the period ended December 31, 2014 (audited), including the related notes, filed with the Securities and Exchange Commission, respectively, on Form 10-Q on May 11, 2015, and on Form 10-K on February 27, 2015.

The following is a brief description of the amounts recorded under each of the column headings in the accompanying unaudited pro forma condensed consolidated balance sheet and the unaudited pro forma condensed consolidated statements of operations:

*Historical*

This column reflects the Company's historical financial position as of March 31, 2015, and historical operating results for the three months ended March 31, 2015, and each of the three years in the period ended December 31, 2014, prior to any adjustment for the Spin-Off and related transactions.

*Spin-Off Transaction*

This column reflects the effect of the Spin-Off and related transactions, giving effect to, among other things, the following:

- the elimination of the historical assets, liabilities, equity and operating results of Cable ONE;
- the distribution of a dividend, tax-free for U.S. Federal income tax purposes, and other adjustments resulting from the Spin-Off;
- the post Spin-Off capital structure of the Company, including the (i) settlement of intercompany account balances between the Company and Cable ONE, and (ii) receipt of a distribution of \$450 million in cash from Cable ONE on June 29, 2015; and

- the impact of, and transactions contemplated by, the Separation and Distribution Agreement, Employee Matters Agreement and Tax Matters Agreement, each dated as of June 16, 2015, between the Company and Cable ONE, and the provisions contained therein.

These adjustments are more fully described in the notes to the accompanying unaudited pro forma condensed consolidated financial information.

*Pro Forma*

This column reflects the Company's financial position and operating results, excluding Cable ONE and giving effect to Spin-Off related adjustments.

**GRAHAM HOLDINGS COMPANY**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF MARCH 31, 2015**

(in thousands)	Historical	Spin-Off Transaction (1)	Pro Forma
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 619,367	\$ 444,233 (3)	\$ 1,063,600
Restricted cash	31,559	—	31,559
Investments in marketable equity securities and other investments	214,980	—	214,980
Accounts receivable, net	495,631	(25,880)	469,751
Inventories	11,634	—	11,634
Income taxes receivable	—	14,503 (4)	14,503
Deferred income taxes	4,215	(1,347) (4)	2,868
Other current assets	91,202	(16,313)	74,889
Current assets held for sale	17,498	—	17,498
<b>Total Current Assets</b>	<b>1,486,086</b>	<b>415,196</b>	<b>1,901,282</b>
<b>Property, Plant and Equipment, Net</b>	<b>823,376</b>	<b>(610,751)</b>	<b>212,625</b>
<b>Investments in Affiliates</b>	<b>36,120</b>	<b>—</b>	<b>36,120</b>
<b>Goodwill, Net</b>	<b>1,314,351</b>	<b>(85,488)</b>	<b>1,228,863</b>
<b>Indefinite-Lived Intangible Assets, Net</b>	<b>510,966</b>	<b>(496,321)</b>	<b>14,645</b>
<b>Amortized Intangible Assets, Net</b>	<b>90,854</b>	<b>(541)</b>	<b>90,313</b>
<b>Prepaid Pension Cost</b>	<b>1,164,001</b>	<b>—</b>	<b>1,164,001</b>
<b>Deferred Charges and Other Assets</b>	<b>65,691</b>	<b>(13,374)</b>	<b>52,317</b>
<b>Noncurrent Assets Held for Sale</b>	<b>33,945</b>	<b>—</b>	<b>33,945</b>
<b>Total Assets</b>	<b>\$ 5,525,390</b>	<b>\$ (791,279)</b>	<b>\$ 4,734,111</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 414,155	\$ (62,960) (2)	\$ 351,195
Income taxes payable	11,235	(11,235) (4)	—
Deferred revenue	376,124	(22,050)	354,074
Dividends declared	15,645	—	15,645
Short-term borrowings	5,171	—	5,171
Current liabilities held for sale	25,850	—	25,850
<b>Total Current Liabilities</b>	<b>848,180</b>	<b>(96,245)</b>	<b>751,935</b>
<b>Postretirement Benefits Other Than Pensions</b>	<b>37,269</b>	<b>—</b>	<b>37,269</b>
<b>Accrued Compensation and Related Benefits</b>	<b>240,089</b>	<b>(25,748) (2)</b>	<b>214,341</b>
<b>Other Liabilities</b>	<b>82,539</b>	<b>(57)</b>	<b>82,482</b>
<b>Deferred Income Taxes</b>	<b>755,014</b>	<b>(292,358) (4) (7)</b>	<b>462,656</b>
<b>Long-Term Debt</b>	<b>399,645</b>	<b>—</b>	<b>399,645</b>
<b>Non-current liabilities held for sale</b>	<b>8,085</b>	<b>—</b>	<b>8,085</b>
<b>Total Liabilities</b>	<b>2,370,821</b>	<b>(414,408)</b>	<b>1,956,413</b>
<b>Redeemable Noncontrolling Interest</b>	<b>22,694</b>	<b>—</b>	<b>22,694</b>
<b>Redeemable Preferred Stock</b>	<b>10,510</b>	<b>—</b>	<b>10,510</b>
<b>Preferred Stock</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Common Stockholders' Equity</b>			
Common stock	20,000	—	20,000
Capital in excess of par value	302,205	30,841 (5) (7)	333,046
Retained earnings	5,998,241	(407,202) (5) (7)	5,591,039
Accumulated other comprehensive income, net of tax			
Cumulative foreign currency translation adjustment	(3,581)	—	(3,581)
Unrealized gain on available-for-sale securities	46,804	—	46,804
Unrealized gain on pensions and other postretirement plans	393,329	—	393,329
Cost of Class B common stock held in treasury	(3,635,633)	(510) (5)	(3,636,143)
<b>Total Common Stockholders' Equity</b>	<b>3,121,365</b>	<b>(376,871)</b>	<b>2,744,494</b>
<b>Total Liabilities and Equity</b>	<b>\$ 5,525,390</b>	<b>\$ (791,279)</b>	<b>\$ 4,734,111</b>





**GRAHAM HOLDINGS COMPANY**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**THREE MONTHS ENDED MARCH 31, 2015**

(In thousands, except per share amounts)	Historical	Spin-Off Transaction (1)	Pro Forma
<b>Operating Revenues</b>			
Education	\$ 500,602	\$ —	\$ 500,602
Subscriber	187,597	(187,049)	548
Advertising	74,027	(7,573)	66,454
Other	83,922	(4,101)	79,821
	<u>846,148</u>	<u>(198,723)</u>	<u>647,425</u>
<b>Operating Costs and Expenses</b>			
Operating	383,077	(73,854)	309,223
Selling, general and administrative	353,202	(50,248) <sup>(6) (7)</sup>	302,954
Depreciation of property, plant and equipment	58,545	(36,348)	22,197
Amortization of intangible assets	4,769	(31)	4,738
	<u>799,593</u>	<u>(160,481)</u>	<u>639,112</u>
<b>Income from Operations</b>	46,555	(38,242)	8,313
Equity in losses of affiliates, net	(404)	—	(404)
Interest income	559	—	559
Interest expense	(8,521)	19	(8,502)
Other expense, net	(1,105)	—	(1,105)
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	37,084	(38,223)	(1,139)
<b>Provision for Income Taxes</b>	14,500	(14,292)	208
<b>Income (Loss) from Continuing Operations</b>	22,584	(23,931)	(1,347)
<b>Income from Continuing Operations Attributable to Noncontrolling Interests</b>	(774)	—	(774)
<b>Income (Loss) from Continuing Operations Attributable to Graham Holdings Company</b>	21,810	(23,931)	(2,121)
<b>Redeemable Preferred Stock Dividends</b>	(420)	—	(420)
<b>Income (Loss) from Continuing Operations Attributable to Graham Holdings Company Common Stockholders</b>	<u>\$ 21,390</u>	<u>\$ (23,931)</u>	<u>\$ (2,541)</u>
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders</b>			
Basic income (loss) per common share from continuing operations	\$ 3.64		\$ (0.56)
Basic average number of common shares outstanding	5,704		5,704
Diluted income (loss) per common share from continuing operations	\$ 3.62		\$ (0.56)
Diluted average number of common shares outstanding	5,791		5,704
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders - Adjusted Pro Forma</b>			
Basic loss per common share from continuing operations			\$ (0.49) <sup>(8)</sup>
Basic average number of common shares outstanding			5,697 <sup>(8)</sup>
Diluted loss per common share from continuing operations			\$ (0.49) <sup>(8)</sup>
Diluted average number of common shares outstanding			5,697 <sup>(8)</sup>

**GRAHAM HOLDINGS COMPANY**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2014**

(In thousands, except per share amounts)	Historical	Spin-Off Transaction	Pro Forma
		(1)	
<b>Operating Revenues</b>			
Education	\$ 2,160,417	\$ —	\$ 2,160,417
Subscriber	746,047	(744,409)	1,638
Advertising	343,576	(35,362)	308,214
Other	285,126	(18,363)	266,763
	<u>3,535,166</u>	<u>(798,134)</u>	<u>2,737,032</u>
<b>Operating Costs and Expenses</b>			
Operating	1,562,360	(300,607)	1,261,753
Selling, general and administrative	1,325,558	(191,561) <sup>(6) (7)</sup>	1,133,997
Depreciation of property, plant and equipment	203,646	(128,733)	74,913
Amortization of intangible assets	18,368	(181)	18,187
Impairment of goodwill and other long-lived assets	17,302	—	17,302
	<u>3,127,234</u>	<u>(621,082)</u>	<u>2,506,152</u>
<b>Income from Operations</b>	407,932	(177,052)	230,880
Equity in earnings of affiliates, net	100,370	—	100,370
Interest income	2,136	—	2,136
Interest expense	(36,586)	1,053	(35,533)
Other income, net	853,259	(75,249)	778,010
<b>Income from Continuing Operations Before Income Taxes</b>	1,327,111	(251,248)	1,075,863
<b>Provision for Income Taxes</b>	406,100	(90,306)	315,794
<b>Income from Continuing Operations</b>	921,011	(160,942)	760,069
<b>Loss from Continuing Operations Attributable to Noncontrolling Interests</b>	583	—	583
<b>Income from Continuing Operations Attributable to Graham Holdings Company</b>	921,594	(160,942)	760,652
<b>Redeemable Preferred Stock Dividends</b>	(847)	—	(847)
<b>Income from Continuing Operations Attributable to Graham Holdings Company Common Stockholders</b>	<u>\$ 920,747</u>	<u>\$ (160,942)</u>	<u>\$ 759,805</u>
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders</b>			
Basic income per common share from continuing operations	\$ 139.44		\$ 115.07
Basic average number of common shares outstanding	6,470		6,470
Diluted income per common share from continuing operations	\$ 138.88		\$ 114.61
Diluted average number of common shares outstanding	6,559		6,559
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders - Adjusted Pro Forma</b>			
Basic income per common share from continuing operations			\$ 115.47 <sup>(8)</sup>
Basic average number of common shares outstanding			6,470 <sup>(8)</sup>
Diluted income per common share from continuing operations			\$ 115.10 <sup>(8)</sup>
Diluted average number of common shares outstanding			6,541 <sup>(8)</sup>

**GRAHAM HOLDINGS COMPANY**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

(In thousands, except per share amounts)	Historical	Spin-Off Transaction	Pro Forma
		(1)	
<b>Operating Revenues</b>			
Education	\$ 2,163,734	\$ —	\$ 2,163,734
Subscriber	755,662	(754,690)	972
Advertising	310,261	(35,237)	275,024
Other	178,254	(17,382)	160,872
	<u>3,407,911</u>	<u>(807,309)</u>	<u>2,600,602</u>
<b>Operating Costs and Expenses</b>			
Operating	1,532,497	(321,633)	1,210,864
Selling, general and administrative	1,311,501	(186,247) <sup>(7)</sup>	1,125,254
Depreciation of property, plant and equipment	229,355	(128,184)	101,171
Amortization of intangible assets	12,139	(220)	11,919
Impairment of goodwill and other long-lived assets	3,250	—	3,250
	<u>3,088,742</u>	<u>(636,284)</u>	<u>2,452,458</u>
<b>Income from Operations</b>	319,169	(171,025)	148,144
Equity in earnings of affiliates, net	13,215	—	13,215
Interest income	2,264	—	2,264
Interest expense	(36,067)	135	(35,932)
Other expense, net	(23,751)	—	(23,751)
<b>Income from Continuing Operations Before Income Taxes</b>	274,830	(170,890)	103,940
<b>Provision for Income Taxes</b>	101,500	(61,037)	40,463
<b>Income from Continuing Operations</b>	173,330	(109,853)	63,477
<b>Income from Continuing Operations Attributable to Noncontrolling Interests</b>	(480)	—	(480)
<b>Income from Continuing Operations Attributable to Graham Holdings Company</b>	172,850	(109,853)	62,997
<b>Redeemable Preferred Stock Dividends</b>	(855)	—	(855)
<b>Income from Continuing Operations Attributable to Graham Holdings Company Common Stockholders</b>	<u>\$ 171,995</u>	<u>\$ (109,853)</u>	<u>\$ 62,142</u>
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders</b>			
Basic income per common share from continuing operations	\$ 23.39		\$ 8.45
Basic average number of common shares outstanding	7,238		7,238
Diluted income per common share from continuing operations	\$ 23.36		\$ 8.44
Diluted average number of common shares outstanding	7,333		7,333
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders - Adjusted Pro Forma</b>			
Basic income per common share from continuing operations			\$ 8.46 <sup>(8)</sup>
Basic average number of common shares outstanding			7,248 <sup>(8)</sup>
Diluted income per common share from continuing operations			\$ 8.45 <sup>(8)</sup>
Diluted average number of common shares outstanding			7,327 <sup>(8)</sup>

**GRAHAM HOLDINGS COMPANY**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2012**

(In thousands, except per share amounts)	Historical	Spin-Off Transaction (1)	Pro Forma
<b>Operating Revenues</b>			
Education	\$ 2,184,532	\$ —	\$ 2,184,532
Subscriber	732,370	(731,566)	804
Advertising	337,621	(36,272)	301,349
Other	118,063	(19,279)	98,784
	<u>3,372,586</u>	<u>(787,117)</u>	<u>2,585,469</u>
<b>Operating Costs and Expenses</b>			
Operating	1,535,237	(317,785)	1,217,452
Selling, general and administrative	1,317,494	(185,285) (7)	1,132,209
Depreciation of property, plant and equipment	240,139	(129,107)	111,032
Amortization of intangible assets	19,510	(211)	19,299
Impairment of goodwill and other long-lived assets	111,593	—	111,593
	<u>3,223,973</u>	<u>(632,388)</u>	<u>2,591,585</u>
<b>Income (Loss) from Operations</b>	148,613	(154,729)	(6,116)
Equity in earnings of affiliates, net	14,086	—	14,086
Interest income	3,393	—	3,393
Interest expense	(35,944)	126	(35,818)
Other expense, net	(5,456)	250	(5,206)
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	124,692	(154,353)	(29,661)
<b>Provision for Income Taxes</b>	73,400	(58,258)	15,142
<b>Income (Loss) from Continuing Operations</b>	51,292	(96,095)	(44,803)
<b>Income from Continuing Operations Attributable to Noncontrolling Interests</b>	(74)	—	(74)
<b>Income (Loss) from Continuing Operations Attributable to Graham Holdings Company</b>	51,218	(96,095)	(44,877)
<b>Redeemable Preferred Stock Dividends</b>	(895)	—	(895)
<b>Income (Loss) from Continuing Operations Attributable to Graham Holdings Company Common Stockholders</b>	<u>\$ 50,323</u>	<u>\$ (96,095)</u>	<u>\$ (45,772)</u>
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders</b>			
Basic income (loss) per common share from continuing operations	\$ 6.40		\$ (6.66)
Basic average number of common shares outstanding	7,360		7,360
Diluted income (loss) per common share from continuing operations	\$ 6.40		\$ (6.66)
Diluted average number of common shares outstanding	7,404		7,360
<b>Per Share Information Attributable to Graham Holdings Company Common Stockholders - Adjusted Pro Forma</b>			
Basic loss per common share from continuing operations			\$ (6.41) (8)
Basic average number of common shares outstanding			7,370 (8)
Diluted loss per common share from continuing operations			\$ (6.41) (8)
Diluted average number of common shares outstanding			7,370 (8)

**GRAHAM HOLDINGS COMPANY**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

1. This column includes the elimination of the historical assets, liabilities, equity and operating results of Cable ONE in addition to the adjustments described in notes 2 to 7.
2. These adjustments include the effect of other liabilities assumed by Cable ONE related to general insurance and other employee benefits as of the distribution date pursuant to the terms of the Employee Matters Agreement.
3. This adjustment includes the distribution on June 29, 2015, by Cable ONE to the Company of \$450 million, using cash on hand and the proceeds from Cable ONE's issuance of unsecured notes of \$450 million in June 2015, pursuant to the terms of the Separation and Distribution Agreement. The \$444.2 million adjustment also includes \$5.8 million in cash and cash equivalents from the historical balance sheet of Cable ONE as of March 31, 2015.
4. These amounts include adjustments to give effect to the impact on income taxes and deferred income taxes due to the Spin-Off of Cable ONE.
5. This adjustment includes the effect of the modification on stock-based compensation due to the pro rata accelerated vesting of GHC awards issued to Cable ONE employees as a result of the Spin-Off.
6. This adjustment includes the removal of one-time costs of \$3.5 million and \$1.4 million for the year ended December 31, 2014 and the three months ended March 31, 2015, respectively, directly related to the Spin-Off that were incurred during the historical period. These costs were primarily for legal, tax, accounting, advisory and other costs directly related to the Spin-Off.
7. This adjustment includes the effect of the modification on stock-based compensation as a result of the Spin-Off. The modification resulted in additional stock-based compensation of \$1.8 million, \$1.3 million, and \$0.1 million reflected in the pro forma statement of operations for the years ended December 31, 2014, 2013 and 2012, respectively. The modification also resulted in additional stock-based compensation amounting to \$0.5 million reflected in the pro forma statement of operations for the three months ended March 31, 2015. The Company also incurred an estimated additional one-time stock-based compensation charge of \$22.6 million on the modification of fully vested stock options, which is not included in the pro forma statements of operations. The Company will record the estimated one-time stock based compensation charge in its financial statements for the quarterly period ending September 30, 2015.
8. The adjusted basic and diluted earnings per share includes the effects of the lower dividend per share expected to be paid by the Company following the Spin-Off, and the elimination of restricted shares and stock options issued to Cable ONE employees. The Company's basic earnings per share is calculated under the two class method, which treats restricted stock as a participating security due to its nonforfeitable right to dividends. Cable ONE expects to pay \$1.50 of the existing \$2.65 quarterly dividend per share paid by the Company, which has been reflected in the pro forma statements of operations presented.