UBS Global Media & Communications Conference
New York City December 7, 2015
Remarks by Timothy O'Shaughnessy
President and Chief Executive Officer

Another eventful year has taken place since Graham Holdings was here this time last year.

Most notably, the company spun-off Cable ONE as an independent company and began the transition of leadership with Don Graham focusing on his role as Chairman and Tim O'Shaughnessy, your master of ceremonies today, stepping into the CEO role.

Don would otherwise be here; but, a recent foot procedure has left him recuperating back in DC, counting the days until he'll be able to tap dance to work once again.

Speaking of Don, I'd like to start the presentation by taking a moment or two to talk about him in his absence. Graham Holdings is unique in many ways, but one that we're most proud of is that our shareholder base tends to be longer-term in its orientation than the shareholders of many other companies. As such, many of the people who are in the room today have been shareholders for years and know what I'm about to show you.

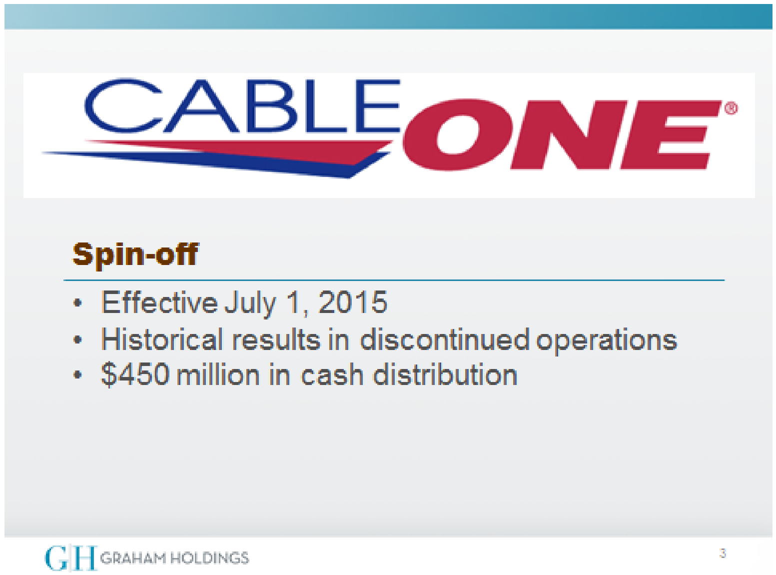
Don became CEO of what was then the Washington Post Company on May 9, 1991. During his more than 24 year tenure as CEO, Don delivered a total return with dividends included of 624%. A selected media peer group of companies delivered a total return of 123%. Notably, the gold standard of newspaper companies in 1991, The New York Times, achieved a return of 220%. No one navigated the waters of a wildly disrupted newspaper industry better than Don Graham. Not only was he better than all of his peers; he has left the company in a wonderful position from which we will continue to build.

The shareholders and employees of Graham Holdings Company owe a huge amount of gratitude to Don for his ability to steer the company through challenging waters, while never wavering in maintaining the highest possible standards for any company.

While Don will continue to be actively involved in the company as Chairman, I took over the CEO role last month after joining the company the previous year as President. Some things will change; for example, last year Don noted he and I have different circles of competencies, which should expand some of the opportunities we can pursue. Most things will not change.

We will:

- continue to be a company with an ability to be uniquely focused on the long-term,
- we will not worry about quarterly results; but, instead we'll focus on year to year results,
- we will continue to be diversified in our sectors, and,
- we will be maniacally focused on capital allocation and hold ourselves accountable for the results.



The second notable thing that happened was the execution of the Cable ONE spin-off transaction, which became effective July 1. As part of the transaction, Cable ONE paid a dividend back to Graham Holdings of $450 million, roughly equal to the tax basis of the Company. Cable ONE was an important part of the Company for many decades and we are all grateful to Tom Might for his many, many years of service. We admire the business from afar as it continues to blossom under Tom's leadership.

Lastly, before diving into continuing operations, I want to touch on the sale of the Kaplan Higher Education Campuses, which closed in September. The transaction allows for that business to reach scale in a combined scenario with Education Corporation of America while improving the P&L of the existing Kaplan business. This was a necessary step as Kaplan continues to refocus its higher education business on those areas that can drive profitability.

The transformation of Graham Holdings continued in 2015. We have become a small conglomerate, and we're now reaching a point where we can refocus on our existing sectors and look at both improving the performance of current businesses and growing in new areas. As part of this, we're in the midst of an evaluation of the cost structures of our various businesses and corporate structure, and we expect that over time we'll see margin improvement. For example, in Q3 of this year, we completed a cost effort that will reduce total overhead at the Graham Holdings and Kaplan corporate levels in excess of $50 million. We incurred roughly $15 million in restructuring charges to complete this effort, a portion of which was funded from the pension trust. We hope to continue these efforts in 2016.

Balance Sheet

($ millions)

	Actual 12/31/14	Actual 9/30/15	% Change
Cash and restricted cash	798	1,003	26
Marketable equity securities/other	227	343	51
Other current assets	666	610	(8)
Net property, plant and equipment	861	203	(76)
Net goodwill and intangibles	1,962	1,044	(47)
Prepaid pension cost	1,152	1,189	3
Other assets	86	132	53
Total Assets	5,752	4,524	(21)
Current liabilities	1,004	762	(24)
Debt	446	403	(10)
Other long-term liabilities	1,161	797	(31)
Stockholders' equity	3,141	2,562	(18)
Total Liabilities and Equity	5,752	4,524	(21)
Net Cash and Securities (Debt)*	579	943	63

* *Non-GAAP measure*

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Our balance sheet remains very strong, and our Class A and B stock structure allows us significant freedom to explore opportunities to increase the long-term cash flow of the business.

One notable area where we have not been active is in consolidation of the broadcast space, nor do we expect that to change in the foreseeable future. While we haven't found the prices quite compelling enough to add to our portfolio, we very much like our stations and our very capable management team led by Emily Barr.

Graham Media Group

($ millions)

	Q3 2014	Q3 2015	% Change
Revenue	87.4	89.7	3
Operating Income	45.0	40.5	(10)

	First 9 Months 2014	2015	% Change
Revenue	261.4	264.0	1
Operating Income	133.5	121.1	(9)

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This team continues to deliver great results for both GHC shareholders and the communities they serve. Graham Media Group revenues are up 1% due to higher retransmission revenue and other key advertising sectors, offset by strong political and Winter Olympics-related advertising in 2014. Operating income is down 9% through the first nine months of the year, due to increased digital spending and network fees.

Kaplan, Inc.

($ millions)

	Q3 2014	Q3 2015	% Change
Revenue	543.9	481.7	(11)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	14.5	7.2	(51)
	First 9 Months 2014	**2015**	**% Change**
Revenue	1,609.0	1,506.0	(6)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	37.7	10.0	(73)

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

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2015 has been a year of change for Kaplan. In addition to the aforementioned sale of the Kaplan Higher Education campuses, this summer marked the return of Andy Rosen as CEO of the business. One of Andy's first efforts was to embark on a decentralization effort that places more accountability on the individual business units which has resulted in a reduction of expenses at the Kaplan, Inc. level.

Kaplan, Inc. revenues decreased 6%, while adjusted operating income, excluding certain charges, decreased 73% through the first nine months of the year.

Kaplan Higher Education

($ millions)

	Q3 2014	Q3 2015	% Change
Revenue	249.9	203.5	(19)
Operating Income	5.4	3.2	(42)

	First 9 Months 2014	First 9 Months 2015	% Change
Revenue	755.6	681.8	(10)
Operating Income	39.5	28.5	(28)

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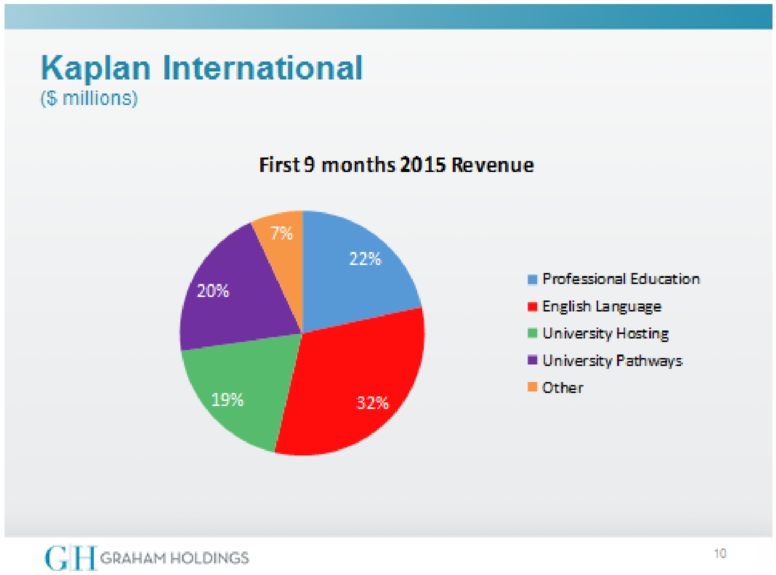
This is largely due to losses at Kaplan Higher Ed Campuses prior to their sale, weak market demand in the private sector Higher Ed environment, and a decrease in the English language business within Kaplan International. The regulatory environment for private sector higher education continues to be quite challenging, compounded by the economic and competitive climate. Given these challenges and continued declines in Kaplan Higher Ed enrollments, the company took a preliminary $249 million goodwill impairment charge in the third quarter. For more on our view, please see Don Graham's recent editorial in the Wall Street Journal on the open-mindedness of many of those that pay attention to the space.



Kaplan International is a portfolio of businesses of which we think very highly. KI has become an increasingly diversified revenue and income provider that, in total, we expect to grow most years.

Kaplan International
($ millions)

	Q3 2014	Q3 2015	% Change
Revenue	207.6	192.7	(7)
Operating Income	13.9	8.3	(40)

	First 9 Months 2014	2015	% Change
Revenue	615.5	585.5	(5)
Operating Income	40.6	33.6	(17)

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2015 has been challenging due to the increasing strength of the dollar, which has made our U.S. programs substantially more expensive to our international students and our earnings outside the U.S. less valuable in dollar-terms. The English language business ebbs and flows and we view the current period as a down cycle, not a permanent change in our outlook on the business.

Kaplan Test Prep
($ millions)

	Q3 2014	Q3 2015	% Change
Revenue	85.1	83.7	(2)
Operating Income	7.0	13.6	95

	First 9 Months 2014	2015	% Change
Revenue	234.0	233.3	0
Operating (Loss) Income	(3.6) *	16.4	-

* Includes $7.7 million software asset write-off

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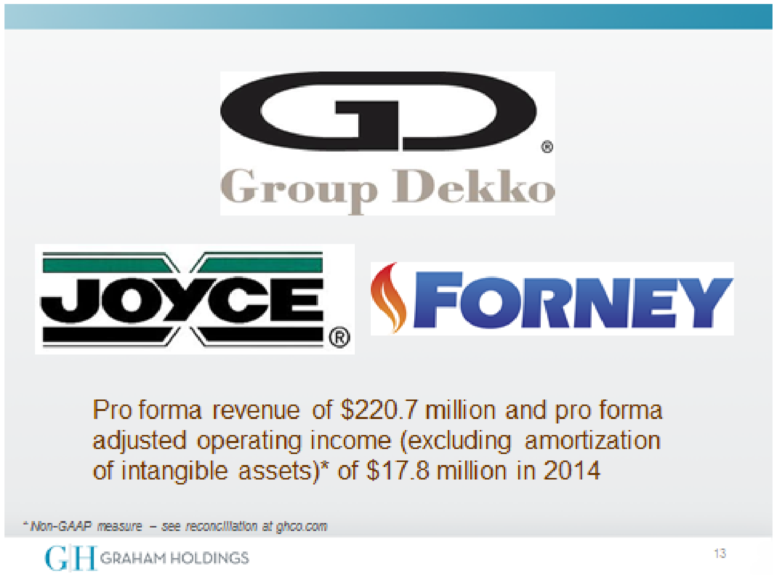
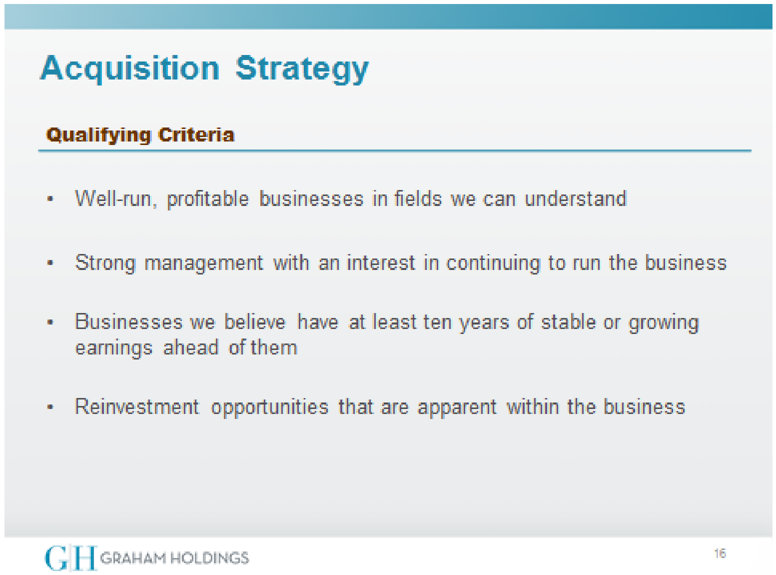
Kaplan Test Prep revenue held flat through the first nine months of 2015 while increasing operating income by $20 million, although 2014 includes a $7.7 million asset write-off. This has been a remarkable change in the business over the last few years and we're very proud of it.



We recently acquired a third business, Group Dekko, to add to our industrials sector. Group Dekko is a maker of specialty electrical components with a long history of positive operating earnings. Our industrials sector is comprised of two other businesses in addition to Group Dekko: Joyce-Dayton, a maker of screw jacks; and Forney, a maker of safety equipment for power plants. The pro forma revenue in 2014 for our industrial businesses was $220.7 million and pro forma adjusted operating income (excluding amortization of intangible assets) of $17.8 million. We anticipate breaking out the industrials segment in 2016 to provide greater visibility into its performance.

In the past we've touched on both SocialCode and the healthcare businesses, so I'll do so again here. SocialCode continues to maintain and extend its leadership position in social advertising and marketing insights. They now work with 67 of the Fortune 500 brands and 28 of Fortune 100 brands – like Visa, Macy's, Capital One, and AB-InBev. They manage one of the largest portfolios of media spend on Facebook and Twitter, and are the early leader in developing Instagram and Pinterest as new channels for brands to reach and understand their customers. We continue to have every reason to believe that SocialCode will be a growing asset in the future. To put this in perspective, SocialCode's October 2015 year to date gross billings were almost triple the entirety of 2013 gross billings.

We continue to be optimistic about the future of our two healthcare businesses: Celtic and Residential. On a pro forma basis, revenues in 2014 were good, and the results for the first nine months of 2015 were even stronger under the talented management teams we have in place.



So what will we look for in the future? The most important function at GHC, both now and in the future, is capital allocation. Our qualifying criteria for new investments are:

- well-run, profitable businesses in fields we can understand

- strong management with an interest in continuing to run the business

- businesses we believe have at least ten years of stable or growing earnings ahead of them

- reinvestment opportunities that are apparent within the business

We will first look to deploy capital within one of the four sectors in which we currently operate. We know something about these industries already and we know quite a bit about the people running these businesses for us. Over time, this should be the best risk-adjusted place for us to spend money.

We've repurchased stock in the past and we likely will do so again in the future. Those who have followed the company know that we don't have consistent repurchase programs, but optimize when we believe the stock is significantly below intrinsic value. This is a tool we're not afraid to use at the right times.

In our capital allocation decisions, we're lucky to have a world-class board to help us think through opportunities as they arise. Like me, they are committed to waiting for the right pitches to swing at and aren't afraid to let a few balls go by. We believe this is the right philosophy and we hope you do too.

With that, I'd like to open it up to the floor for questions.

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