UBS Global Media & Communications Conference
New York City
December 8, 2014
Remarks by Donald E. Graham
Chairman of the Board and Chief Executive Officer

An enormous amount has happened since we appeared in front of you a year ago.

Proceeds of Sales
($ millions)

	Proceeds
Newspaper Publishing Businesses	250
Headquarters Building	158
Apartments.com	95
Classified Ventures (CV)	409
Total	**912**
Robinson Terminal Properties	?
Other – Cable Wireless Spectrum Licenses	99

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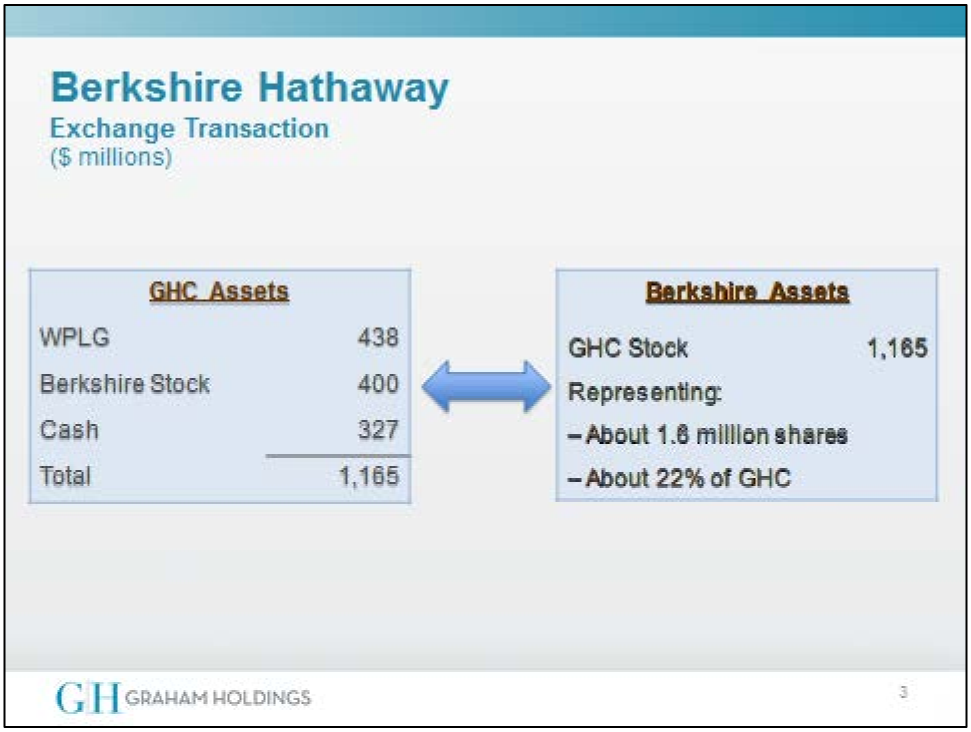
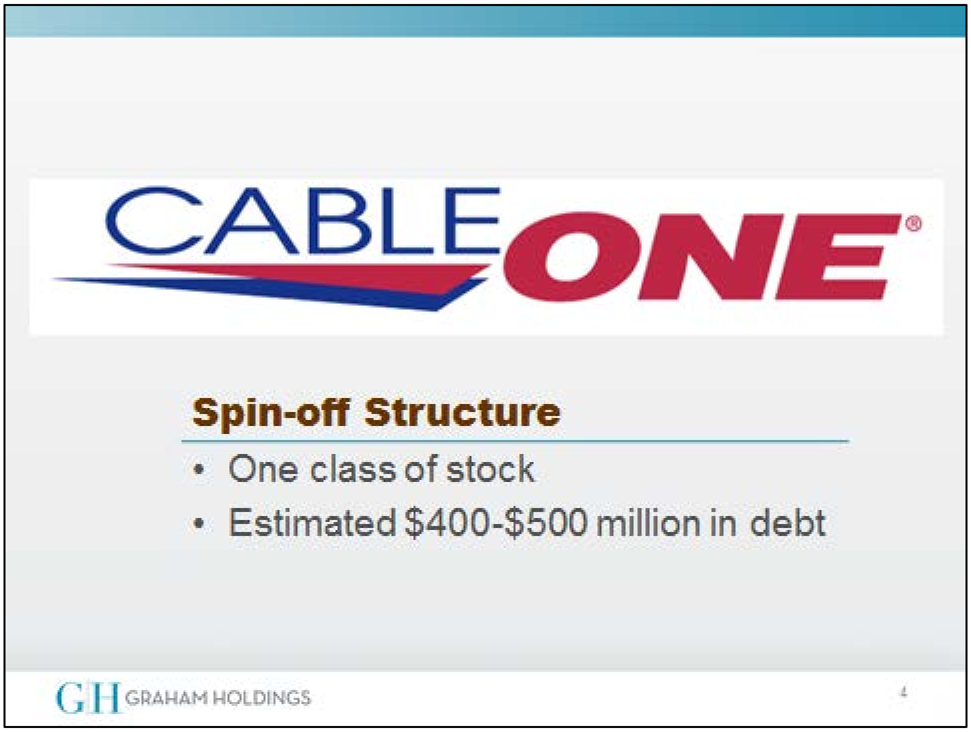
While The Washington Post sale had already occurred, we continued to sell properties that had been associated with the newspaper, including the headquarters building and our 16.5% stake in Classified Ventures, which was sold in two pieces. These are the cumulative results of our sales. Everyone at Graham Holdings is very grateful to Dan Jauernig, who was CEO of Classified Ventures for the past 14 years.



The second thing that happened was we arrived at a transaction with Warren Buffett and executed the transaction in June 2014. We parted with the Miami television station WPLG, which we hope continues to perform well for Berkshire Hathaway. We also reacquired 22% of our stock and, therefore, are paying a bit less in dividends.



The third large event is the pending spin-off of Cable ONE. We announced that transaction only four weeks ago, so we have little to add to what we said at the time. We are pursuing the spin-off after conversations between Tom Might, the long-time CEO of Cable ONE, and me. Tom and I have spent a lot of time over the years discussing long-term trends in the cable business. Tom told me those trends had changed enough that he thought Cable ONE would be better on its own, where it could choose among strategic possibilities as a public company. I have said as part of the spin-off that I am happily a shareholder of both companies and don’t plan to sell stock in either. The new cable company is expected to have one class of common stock and about $400 million to $500 million in outstanding debt.

Cable ONE
($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	202.4	195.7	(3)
Operating Income	39.7	40.1	1

	First 9 Months 2013	2014	% Change
Revenue	607.1	600.4	(1)
Operating Income	121.0	128.0	6

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Cable ONE's strategy of focusing on the lifetime value of subscribers has been in place for almost two years; operating income was up 6% for the first nine months of 2014.

All these events add up to a big change in the fundamental nature of Graham Holdings, so what remains the same? We are a company with great financial strength, enormous flexibility and an unusually long-term focused attitude. In the long term, we look to come through for our shareholders, and we hope we've demonstrated that in the past three years.

Balance Sheet
($ millions)

	Actual 12/31/13	Actual 9/30/14 **	% Change
Cash and restricted cash	653	480	(26)
Marketable equity securities/other	522	207	(60)
Other current assets	527	575	9
Net property, plant and equipment	928	870	(6)
Net goodwill and intangibles	1,869	2,004	7
Prepaid pension cost	1,246	1,267	2
Other assets	66	75	14
Assets held for sale	-	10	-
Total Assets	**5,811**	**5,488**	(6)
Current liabilities	931	963	3
Debt	451	449	0
Other long-term liabilities	1,129	1,175	4
Liabilities of discontinued operations	-	1	-
Stockholders' equity	3,300	2,900	(12)
Total Liabilities and Equity	**5,811**	**5,488**	(6)
Net Cash and Securities (Debt)*	**724**	**238**	(67)

* *Non-GAAP measure*
** *Excludes proceeds from CV sale, which closed on October 1, 2014*

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We have a balance sheet that is unusually strong, and includes a pension plan that is famously significantly overfunded. We regard that as quite important. If you don't understand why that is important, interview some of the companies that have large pension deficits. Our strong balance sheet and our Class A and B stock structure allow us significant freedom to invest in assets that will make money for the Company in the future, without regard to the flow of quarterly earnings.

Graham Media Group

($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	73.5	87.4	19
Operating Income	32.8	45.0	37

	First 9 Months 2013	2014	% Change
Revenue	222.6	261.4	17
Operating Income	101.2	133.5	32

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Our largest profit stream now comes from our five major-market television stations. Revenue and operating income were up substantially in the first nine months of 2014 due to increased political advertising, the winter Olympics and increased retransmission revenues. The most important development in the past three years is that we hired an outstanding CEO in Emily Barr. We have great faith in her to run our stations and to build for the future.

Four of our five stations are market leaders in news throughout the day. Our largest station, KPRC in Houston, has experienced great momentum and much improved ratings over the past year and is currently ranked number one in three key news time periods thanks to the leadership of station manager Jerry Martin. Our Jacksonville and San Antonio stations are number one in news by quite extraordinary amounts in their respective markets. In Detroit, WDIV dominates the early and late evening time periods, when news viewership is at its highest.

Kaplan, Inc.
($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	543.6	543.9	0
Operating Income	17.5	12.6	(28)

	First 9 Months 2013	2014	% Change
Revenue	1,613.1	1,609.0	0
Operating Income	36.6	32.1	(12)

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In education, we've got a promising business worldwide, across many disciplines. We think we're going to need the long-term-mindedness and patience that I said we possess, because the U.S. government has handed down a series of regulations on for-profit education that seem to me to be unwise and self-defeating. Those regulations will be challenged in court. I think they are so counterproductive for the United States that they are likely to be changed in the future, whether the next administration is Republican or Democratic. The country needs more college-educated people, and these regulations are an absolute guarantee that that won't happen.

Kaplan Higher Education

($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	266.1	249.9	(6)
Operating Income	14.7	5.4	(63)

	First 9 Months 2013	2014	% Change
Revenue	811.0	755.6	(7)
Operating Income	42.4	39.5	(7)

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Higher Education revenues and operating income are both down 7% through the third quarter as average enrollments declined due to weak market demand across the sector, particularly at the division's ground campuses.

Kaplan International

($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	198.5	207.6	5
Operating Income	12.1	13.9	14

	First 9 Months 2013	2014	% Change
Revenue	564.7	615.5	9
Operating Income	23.7	40.6	71

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About 40% of Kaplan’s revenue comes from outside the U.S. While we’ve encountered struggles in U.S. higher education, we’ve had good growth internationally. Kaplan International is more than 20 businesses worldwide. Our largest businesses are in the U.K., Singapore and Australia. All of those businesses are generally healthy, and some have grown quite well.

Kaplan Test Prep

($ millions)

	Q3 2013	Q3 2014	% Change
Revenue	77.4	85.1	10
Operating Income	3.8	7.0	83

	First 9 Months 2013	2014	% Change
Revenue	232.1	234.0	1
Operating Income (Loss)	7.3	(3.6) *	-

* Includes $7.7 million software asset write-off

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Kaplan's Test Prep results, under our veteran team, have improved in the past year. Test Prep lost a significant amount of money two years ago, and we expect it to make a profit this year, excluding a software asset write-off. While the outlook for Test Prep is good, we have some work to do.

I talked last year about the phenomenal growth of SocialCode in 2013. SocialCode has exceeded that dollar amount growth in 2014 and continues to grow faster than the very fast growing companies—predominantly Facebook and Twitter—that make up the social media marketplace. We think that other leading social networks in the near future will open their platforms to advertising, and SocialCode will have a still broader canvas to paint on. The growth rates of 2013 and 2014 cannot possibly continue, because of the law of large numbers, but we have every reason to think that SocialCode will be a growing asset in the future. To put this in perspective, SocialCode's gross billings almost tripled in the first nine months of 2014.

We have made a series of small acquisitions in the past two years. These have got us into the home health care business and two small segments of manufacturing. All four are living up to our expectations at the time we bought them. We like the home health care business. It isn't a large part of our earnings at this point, but, clearly, the business has a large, growing future. We're optimistic about what we can accomplish in home health care.

What are we going to do in the future at Graham Holdings? We're going to build. We're going to continue to buy businesses of the types we have acquired in the past two years, if we are convinced those business bring with them strong management, are neither startups nor turnarounds, have a proven record of profitability and are in industries where profitability can continue and where they can grow. We'll be a far better home for such companies than financial firms that must flip them to new buyers in a few years.

We also have the opportunity to acquire equity stakes in public companies, as we've done over the years, most of all in Berkshire Hathaway. It turned out that our acquisition of Berkshire stock had an unexpected benefit when we were able to trade it with Berkshire Hathaway itself in a tax-efficient manner for both companies. But we retained a smaller stake in Berkshire, then valued at about $74 million, which has pleasingly grown with Berkshire's stock price. We have small stakes in two or three other companies, and if it appears good for our shareholders to buy stocks, we can do it.

There's been one other important change at Graham Holdings, which is the addition of a new president, Tim O'Shaughnessy. Tim has only one defect, which is that he is distressingly young. Some of you have pointed out that he's less than half my age; that problem will be overcome in time. He is a CEO and an investor with an outstanding record. As Tim becomes part of senior management, our ability to invest will shift slightly. Warren is always calling attention to what he calls his "circle of competence." Tim's circle is different from mine, and we'll take advantage of the difference. We'll be evaluating investments that definitely will be important to Graham Holdings in the future.

What isn't changing about our businesses? First, we will remain the same long-term minded, quality-focused company. Second, we have an unusual attachment to the people who have built our Company, and perhaps as a result, have developed what we think is an exceptionally strong team. Third, while we have famously sold two businesses—the Post and Newsweek—and are spinning-off a third in Cable ONE, we actually are less disposed to sell any company we own than most.

Kaplan and Graham Media Group will remain core parts of Graham Holdings. We plan to build around those businesses. We wouldn't be averse to growing at the right price in television. And we expect to grow in education, which we think will, self-evidently, be a very large, growing business around the world for decades to come.

Now I'd like to turn the podium over to Tim O'Shaughnessy.

Remarks by Timothy O'Shaughnessy
President

It's a pleasure to be with you all and introduce myself. While Don rightly introduces me by referring to my defects, he conveniently fails to point out that since my joining Graham Holdings on November 3, the share price has gone up 18%. Clearly, this is the type of performance that can be expected now that a young whippersnapper is involved. Kidding aside, I am delighted to be part of Graham Holdings and to help continue the tradition of effective stewardship for our shareholders.

Don covered the business overview, so I'll introduce myself and touch on what I'll be focusing on at Graham Holdings. I'll intentionally be quite brief so as to leave plenty of time for the Q&A portion of the hour.

My professional background consists of time at AOL, a startup called Revolution Health, and as the founding CEO of LivingSocial, where I led the business from 2007 until earlier this year. My investment background has largely consisted of evaluating M&A and investment opportunities within LivingSocial and of managing our personal assets in a "family office" structure over the past half a dozen years.

My primary responsibility at Graham Holdings will be in capital allocation. Don mentioned I bring a different knowledge circle to GHC, but we are very aligned in both philosophy and criteria in how to deploy capital. To address some obvious questions: no, we do not have an expectation of investing significant resources in early-stage ventures, and no, there will not be a large shift to a technology-driven focus.

I'm thrilled to be joining Graham Holdings at this point in the Company's history. Since Eugene Meyer bought The Washington Post at a bankruptcy auction in 1933, the Graham family has evolved the business from the owner of a single newspaper to leadership positions in multiple industries. I joined GHC because I believe we are at a unique time to leverage our background, long-term mentality and financial strength to develop leadership positions in new industries that will be important sectors for generations to come.

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