UBS Global Media & Communications Conference
New York City December 6, 2016
Remarks by Timothy J. O'Shaughnessy
President and Chief Executive Office

In 2016, Graham Holdings continued on the path that we started upon the completion of the Cable ONE spin-off in the middle of 2015. In many ways, this year was less headline driven but in no way less meaningful. We did not spin-off half of our EBITDA, nor did we have a CEO retire; but, in less highly visible ways we have continued to build value for our shareholders. Our efforts to reduce cost, increase operating margins, and grow via disciplined M&A all took meaningful steps forward throughout the year.

Graham Holdings Company

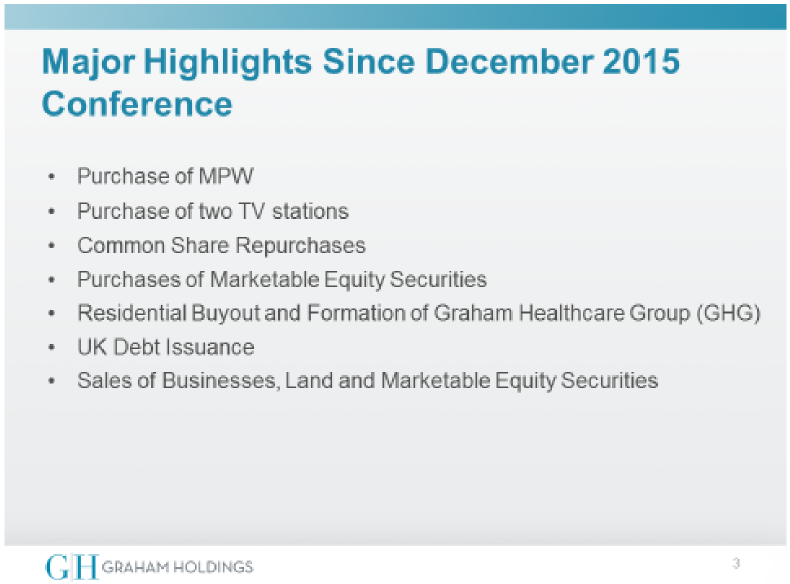
($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	641.4	621.6	(3)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	39.4	74.6	89
	First 9 Months 2015	2016	% Change
Revenue	1,969.7	1,852.3	(6)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	120.8	213.2	77

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

GH GRAHAM HOLDINGS 2

2016 was not a year of grand slams, but rather of singles and doubles that we believe have collectively grown intrinsic value per share of GHC stock. Adjusted operating income increased 77% to $213.2 million through the first 9 months of 2016, largely due to improved results at broadcast and Kaplan. In most years after a presidential election, we expect our broadcast results to be down meaningfully. In 2017, this will likely be magnified further due to exceptionally strong advertising tied to the 2016 Olympics and the expiration of a long-term network affiliation agreement with NBC at the end of this year.



The biggest use of cash this year was the purchase of Mander Portman Woodward (MPW) in January. MPW has a long history as a top quality sixth-form school group in the UK and consistently over-indexes in its ability to send students to Oxford, Cambridge, and the like. Sixth-form schools are high-intensity “grade 12 and 13” academic environments that prepare students for the A-Level exams and serve as a critical bridge for students who wish to attend a university. Increasingly, international student interest in sixth-form schools has expanded, making the ability to recruit qualified international students a new vector for growth. We believe Kaplan has this ability better than most. While the post Brexit currency fluctuations in the British Pound have modestly diminished the reported results, we have been pleased with the performance to date and believe this is a business we will be fortunate to own for years to come.

Another major investment was the agreement to purchase two broadcast stations that are being divested as part of the Nexstar/Media General merger, pending FCC approval. Close followers of the Company may note that I have generally stated we were unlikely to be an acquirer of additional stations at the multiples of the past several years. While that philosophy has not changed, we did find a set of circumstances that we do not expect to find again and proved to be a compelling value. Our ability to acquire both stations, as well as pension liabilities, created an outcome we are thrilled about.

Our last significant use of cash was in Graham Holdings itself. From this time last year through September 30, we repurchased approximately 4% of the Company, with the bulk of that occurring in early 2016. Our thinking has not changed on share repurchases. You should not expect us to announce that we will spend a certain amount of money on share buy-backs in a specific time frame; but, when we think the company is priced materially below intrinsic value, we won’t hesitate to act aggressively.

Change in Net Cash and Investments Position
Twelve Months Ended September 30, 2016

($ millions)

Net Cash and Investments, September 30, 2015	**$943** *
Net Cash Provided by Operating Activities	103
Issuance of Debt, Net of Repayments	96
Net Proceeds from Asset Sales	79
	1,221
Capital Expenditures	(58)
Investments in Businesses	(441)
Net Purchases of Marketable Securities	(36)
Repurchases of Common Shares and Redemption of Redeemable Preferred Stock	(124)
Dividends Paid	(27)
Other, Net	(2)
Net Cash and Investments, September 30, 2016	**$533** *

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

GH GRAHAM HOLDINGS 4

Cash was returned to the balance sheet in a variety of ways as well. We deemed MPW a business that could support a conservative degree of leverage and financed against that purchase. Additionally, we divested a host of non-core assets throughout the year, ranging from real estate to non-strategic businesses. The assets themselves will not ring a bell to you, but the $79 million in proceeds certainly increases our ability to build long-term strategic businesses.

I mentioned this at last year's conference, and I think it is worth reiterating. If you are a current or prospective investor in Graham Holdings Company, it is important to understand our philosophy.

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.

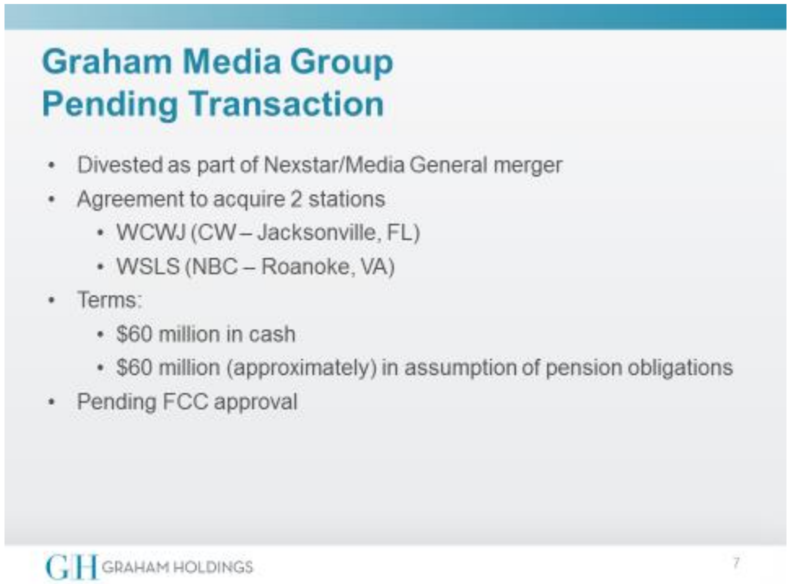
Acquisitions will continue to be part of the mix in the future, so I want to also reiterate our high-level strategy. We look to acquire:

- 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 readily apparent within the business

In 2016, we made three notable acquisitions: MPW, the broadcast stations, (both of which I touched on earlier), and Electri-Cable Assemblies (ECA), a bolt-on acquisition to our Dekko business. We are pleased that we were able to allocate capital into sectors we already operate in to be managed by managers we know and think are world class. This is a formula we hope to be able to continue in the future.

Graham Media Group had one of its busiest years on record. With the elections, the Olympics, Hurricane Matthew, and a purchase agreement to acquire two stations, Emily Barr and team have been running full speed.



The acquisition of WCWJ (CW – Jacksonville) and WSLS (NBC – Roanoke) for $60 million in cash and the assumption of approximately $60 million in pension obligations will allow us to create a duopoly in Jacksonville and also enhance our NBC affiliation.

Graham Media Group

($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	89.7	112.4	25
Operating Income	40.5	59.2	46

	First 9 Months 2015	2016	% Change
Revenue	264.0	300.9	14
Operating Income	121.1	144.6	19

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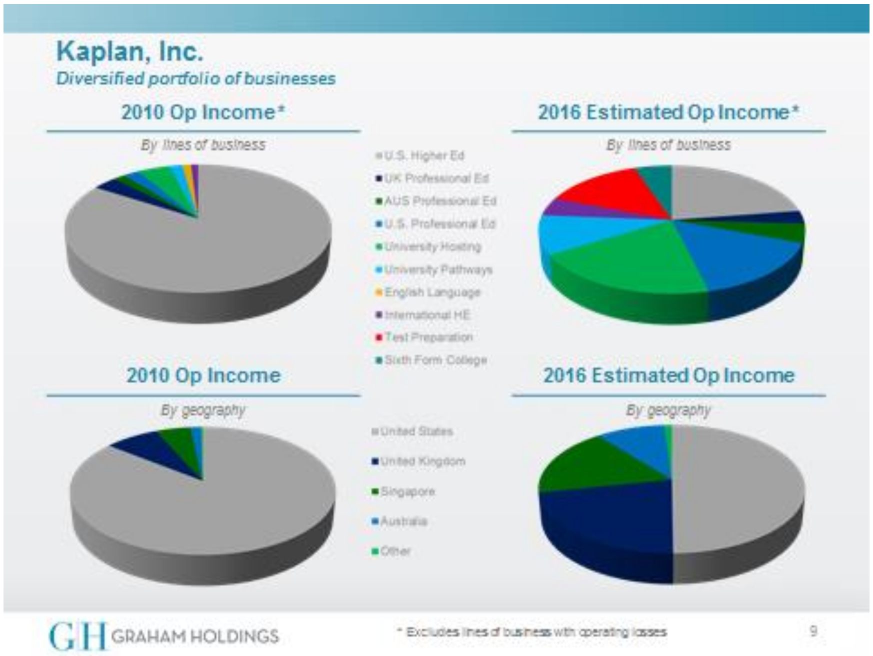
Year to date, Graham Media Group 2016 revenues are up 14% and operating income is up 19%, due to higher retransmission revenue, and strong political and Summer Olympics-related advertising.



Fewer businesses have had greater degrees of change in shorter periods of time than Kaplan. Most of the attention on Kaplan over the past 10 years has been focused on the US Higher Education business – and rightly so. In 2010, Kaplan Higher Ed reported operating income of $407 million. As you can see, in 2016 this is no longer the case. As a whole, the Kaplan business is much more diversified both in terms of business line and geography. It is important to note that, while Kaplan University is an important part of our business, Kaplan has evolved from a business where as KU goes, so goes Kaplan, to one where the vast majority of its businesses should grow over time.

Kaplan, Inc.

($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	481.7	386.9	(20)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	7.2	18.1	—
	First 9 Months 2015	2016	% Change
Revenue	1,506.0	1,207.2	(20)
Operating Income before Impairment/Amortization of Goodwill and Other Long-lived Assets*	10.0	68.9	—

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

GH GRAHAM HOLDINGS 10

Kaplan, Inc. revenues decreased 20%, while adjusted operating income, excluding certain charges, increased from $10 million to $68.9 million through the first nine months of the year. Declines in revenue at Kaplan have been driven by the continued weak market demand for Kaplan University (KU) and the continued headwinds facing the English language business, which have only increased as the US dollar has strengthened relative to most currencies.

Kaplan University*

($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	158.2	148.4	(6)
Operating Income	17.9	11.8	(34)

	First 9 Months 2015	2016	% Change
Revenue	505.0	470.9	(7)
Operating Income	62.3	52.4	(16)

* *Excludes KHEC Campuses*

GH GRAHAM HOLDINGS 11

Kaplan University revenue has decreased by 7% and operating income has decreased by 16% through nine months. Cost controls and an improved US professional education business have helped offset some of the declines.

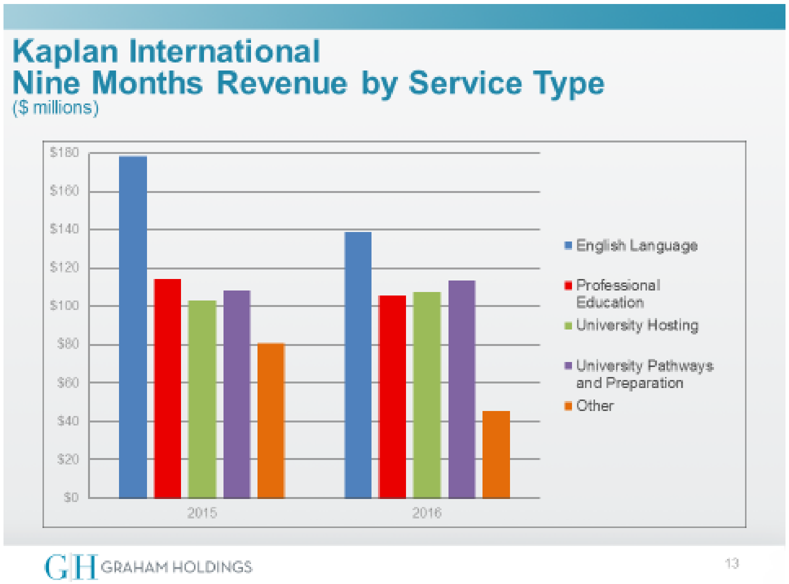
Kaplan International

($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	192.7	160.5	(17)
Operating Income	8.3	1.6	(81)

	First 9 Months 2015	First 9 Months 2016	% Change
Revenue	585.5	512.1	(13)
Operating Income	33.6	22.9	(32)

We continue to be optimistic about the long-term prospects of the Kaplan International (KI) portfolio, which now includes MPW. Kaplan International revenue has decreased 13% and operating income has decreased 32% through nine months.



The story on Kaplan International in 2016 is primarily the English language business. Gains in many other KI portfolio businesses have been more than offset by losses in English language. A major restructuring that acknowledges that we may be at a “new normal” of reduced market demand took place in 2016, and we expect to enter 2017 with a lower cost base than previous years. I thought it might be useful to break out the sources of revenue at Kaplan International to better understand the impact of the declines in the English language business on the total portfolio.

I’d also like to mention the Pathways business. With our Pathways program, we provide the first year of schooling for non-western students in conjunction with our university partners. Upon successful completion, the student matriculates to full university status for subsequent years. While the reported results in 2016 are down modestly, we are excited about the long-term prospects of this business. Most of the 2016 decline can be pegged to the loss of a major partner; however, we are thrilled to have two new partners who are in the process of growing enrollment and should create improved results moving forward. Additionally, the team has strengthened our relationships with our university partners by initiating long-term agreements that pair our Pathways educational program with housing solutions to position us as a turnkey solution for our partners.

Kaplan Test Prep*

($ millions)

	Q3 2015	Q3 2016	% Change
Revenue	80.8	74.3	(8)
Operating Income	15.8	11.5	(27)

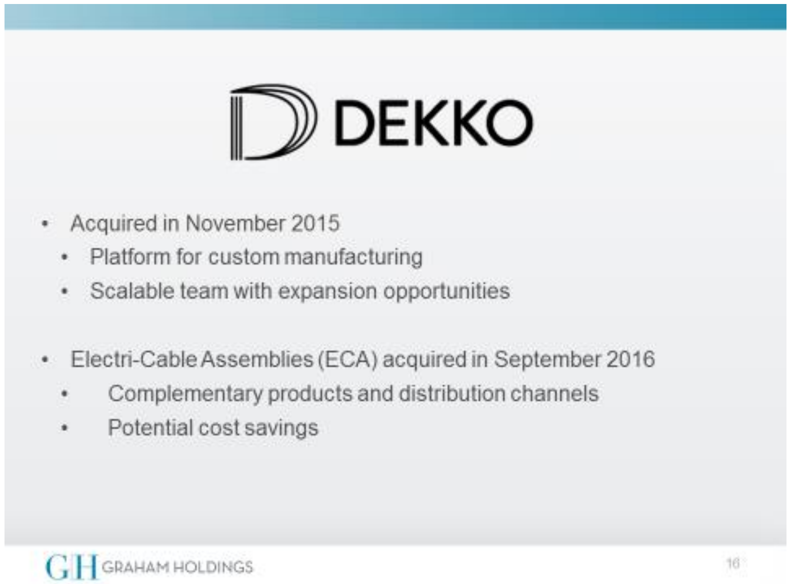
	First 9 Months 2015	First 9 Months 2016	% Change
Revenue	224.6	212.4	(5)
Operating Income	21.0	23.1	9

* *Excludes revenue and operating losses from new economy skills training programs*

GH GRAHAM HOLDINGS 14

Excluding new economy skills training programs, Kaplan Test Prep revenue was down 5% through the first nine months of 2016, while operating income increased 9% or $2 million, to $23.1 million. The continued focus on higher margin products and a centralized technology platform has yielded strong results for the business and we continue to believe it has a bright future ahead.

I would now like to move to our industrials sector, which collectively has generated revenue of $176.9 million and adjusted operating income of $22.1 million in the first nine months.



It is worthwhile spending a moment on Dekko as a bit of a case study for how we think we can build scaled businesses. We acquired Dekko in November of 2015 and have now owned the business for a little more than a year. Dekko makes electrical products in three sectors: 1) power and data solutions for commercial offices; 2) lighting; and 3) component manufacturing for other manufacturers. There were three reasons we very much liked the business. First, Dekko is a platform for custom manufacturing. Its products are not found at a big box retailer or local hardware stores. It has a significant business development arm to its business and has long-standing customer relationships that require consistent, timely communication. It is a high sku, low volume business that is difficult to replicate. Second, Dekko is a platform that can integrate bolt-on and tuck-in acquisitions while greatly increasing the efficiency and reach of those businesses. Lastly, the management team, led by CEO John May, can run a much larger business than the current size of Dekko. The acquisition of ECA in September 2016 fit very naturally into the Dekko model. ECA offers complementary products and distribution channels in the Power and Data solutions business and we should increase the operating margins of the business once fully integrated into the Dekko platform. We hope John and team can continue to find businesses to add to Dekko that are as logical as ECA and believe Dekko meets all four of the high-level acquisition criteria we follow.

GRAHAM HEALTHCARE GROUP

	First 9 Months 2015	2016	% Change
Revenue	96.7	110.1	12
Adjusted Operating Income, exclusive of depreciation, amortization of intangible assets and merger costs*	11.8	11.9	0
Equity Affiliate Earnings	0.9	1.1	28

CELTIC HEALTHCARE
Innovative Healthcare at Home

residential home health

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

Next, I would like to briefly touch on our healthcare businesses. In June, we merged our two almost equally sized home health and hospice businesses into one larger business and in the process bought out the remaining 20% of one of the businesses. This has long been a sector where Medicare reimbursement rates are consistently cut, requiring efficiency gains to maintain margins. Increasing the scale of our business should help us find those gains. Revenue for the group increased 12% through the first nine months of the year, while adjusted operating income remained flat.

SocialCode deserves more attention at this meeting than in years past. Founded 6 years ago as a way for brands to get Facebook fans, SocialCode has evolved into a technology and insights company that manages digital advertising for the world's leading brands across social advertising platforms. We believe that SocialCode is becoming an increasingly crucial partner to brands as they shift more and more spend to social platforms.

Our view is that SocialCode is well-positioned to continue its growth trajectory for several reasons:

1. The growth of overall ad spend on social platforms continues at extremely high rates
2. Platforms that have previously not prioritized monetization, such as Snapchat, Instagram, and Pinterest, all show signs of viewing large scale monetization as a strategic priority

3. The increasing complexity of the social ad ecosystem and need to be able to adequately run campaigns and measure performance across multiple unrelated platforms requires a sophisticated and neutral third party
4. Our relationship with our brand partners allows SocialCode to begin to provide SaaS based tools that work even better when SocialCode is the brand's managed service partner.

Through the first 9 months of the year, SocialCode revenue increased 31% with a modest increase in adjusted operating losses driven by increased investment in technology tool development. We believe the growth profile of the business will continue for the foreseeable future and remain enthusiastic about the future of SocialCode.

My hope is that by walking you through the story of the first 11 months of 2016 at Graham Holdings, you will come away with a better understanding of both the operating results of the businesses and how we think through capital allocation. We remain committed to creating long-term value and make our decisions through that lens.

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

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