

SCRIPPS E W CO /DE
Form 10-Q
November 10, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-16914

THE E. W. SCRIPPS COMPANY

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

31-1223339
(I.R.S. Employer
Identification Number)

312 Walnut Street
Cincinnati, Ohio
(Address of principal executive offices)

45202
(Zip Code)

Registrant's telephone number, including area code: (513) 977-3000

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 and 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" or "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of October 31, 2008 there were 41,628,692 of the Registrant's Class A Common shares outstanding and 12,189,401 of the Registrant's Common Voting shares outstanding.

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PART I

As used in this Quarterly Report on Form 10-Q, the terms we, our, us or Scripps may, depending on the context, refer to The E. W. Scripps Company, to one or more of its consolidated subsidiary companies or to all of them taken as a whole.

ITEM 1. FINANCIAL STATEMENTS

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

PART II

ITEM 1. LEGAL PROCEEDINGS

We are involved in litigation arising in the ordinary course of business, such as defamation actions, employment and employee relations and various governmental and administrative proceedings, none of which is expected to result in material loss.

ITEM 1A. RISK FACTORS

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007.

Table of Contents**ITEM 2. UNREGISTERED SALES OF EQUITY AND USE OF PROCEEDS**

There were no sales of unregistered equity securities during the quarter for which this report is filed.

The following table provides information about Company purchases of Class A shares during the quarter ended September 30, 2008:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans Or Programs |
|------------------|---|---|---|---|
| 8/1/08 - 8/31/08 | 255,000 | \$ 7.15 | 255,000 | 865,000 |
| 9/1/08 - 9/30/08 | 535,500 | \$ 7.16 | 535,500 | 329,500 |
| Total | 790,500 | \$ 7.16 | 790,500 | 329,500 |

Under a share repurchase program authorized by the Board of Directors on October 28, 2004, we were authorized to repurchase up to 5.0 million Class A Common shares. There is no expiration date for the program and we are under no commitment or obligation to repurchase any particular amount of Class A Common shares under the program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There were no defaults upon senior securities during the quarter for which this report is filed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following table presents information on matters submitted to a vote of security holders at the July 15, 2008 Special Meeting of Shareholders:

| Description of Matters Submitted | In Favor | Authority Withheld | Against |
|--|-----------------|-------------------------------|----------------|
| Amendment to the Company's Amended and Restated Articles of Incorporation to effect a one-for-three reverse share split: | | | |
| Class A Common Shares: | 88,393,016 | 1,033,574 | 28,771,266 |
| Common Voting Shares: | 36,363,746 | | |

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The information required by this item is filed as part of this Form 10-Q. See Index to Exhibits at page E-1 of this Form 10-Q.

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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.

THE E. W. SCRIPPS COMPANY

Dated: November 10, 2008

BY: /s/ Douglas F. Lyons
Douglas F. Lyons
Vice President and Controller

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THE E. W. SCRIPPS COMPANY

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Table of Contents**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)***(in thousands)*

| | As of September 30, 2008 | As of December 31, 2007 |
|---|--------------------------------|-------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 15,617 | \$ 19,100 |
| Short-term investments | 31,015 | 44,831 |
| Accounts and notes receivable (less allowances - \$4,182 and \$4,469) | 156,852 | 197,105 |
| Deferred income taxes | 20,292 | 19,141 |
| Assets of discontinued operations - current | | 602,565 |
| Miscellaneous | 50,916 | 44,051 |
| Total current assets | 274,692 | 926,793 |
| Investments | 25,816 | 188,216 |
| Property, plant and equipment | 407,942 | 386,418 |
| Goodwill and other intangible assets: | | |
| Goodwill | 215,432 | 1,001,053 |
| Other intangible assets | 56,243 | 58,840 |
| Total goodwill and other intangible assets | 271,675 | 1,059,893 |
| Other assets: | | |
| Prepaid pension | 9,205 | 8,975 |
| Deferred income taxes | 59,891 | |
| Miscellaneous | 12,367 | 21,463 |
| Total other assets | 81,463 | 30,438 |
| Assets of discontinued operations - noncurrent | | 1,413,534 |
| TOTAL ASSETS | \$ 1,061,588 | \$ 4,005,292 |

See notes to condensed consolidated financial statements.

Table of Contents**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)***(in thousands, except share data)*

| | As of September 30, 2008 | As of December 31, 2007 |
|--|--------------------------------|-------------------------------|
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 53,994 | \$ 54,357 |
| Customer deposits and unearned revenue | 41,135 | 42,156 |
| Accrued liabilities: | | |
| Employee compensation and benefits | 39,689 | 46,047 |
| Accrued income taxes | 297 | 21,982 |
| Accrued interest | 88 | 5,757 |
| Miscellaneous | 31,259 | 35,995 |
| Liabilities of discontinued operations - current | | 132,069 |
| Other current liabilities | 11,528 | 8,439 |
| Total current liabilities | 177,990 | 346,802 |
| Deferred income taxes | | 257,319 |
| Long-term debt | 60,300 | 504,663 |
| Liabilities of discontinued operations - noncurrent | | 197,505 |
| Other liabilities (less current portion) | 104,023 | 106,712 |
| Minority interests - continuing operations | 3,509 | 3,432 |
| Minority interests - discontinued operations | | 138,498 |
| Shareholders equity: | | |
| Preferred stock, \$.01 par - authorized: 25,000,000 shares; none outstanding | | |
| Common stock, \$.01 par: | | |
| Class A - authorized: 240,000,000 shares; issued and outstanding: 41,952,560 and 42,140,428 shares | 419 | 421 |
| Voting - authorized: 60,000,000 shares; issued and outstanding: 12,189,401 and 12,189,401 shares | 122 | 122 |
| Total | 541 | 543 |
| Additional paid-in capital | 523,506 | 476,142 |
| Retained earnings | 232,951 | 1,971,848 |
| Accumulated other comprehensive income (loss), net of income taxes: | | |
| Unrealized gains on securities available for sale | | 4,338 |
| Pension liability adjustments | (41,697) | (57,673) |
| Foreign currency translation adjustment | 465 | 55,163 |
| Total shareholders equity | 715,766 | 2,450,361 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | \$ 1,061,588 | \$ 4,005,292 |

See notes to condensed consolidated financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)***(in thousands, except per share data)*

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Operating Revenues: | | | | |
| Advertising | \$ 176,346 | \$ 197,083 | \$ 561,745 | \$ 621,240 |
| Circulation | 26,577 | 28,763 | 85,080 | 89,220 |
| Licensing | 16,569 | 16,208 | 52,469 | 51,608 |
| Other | 10,786 | 11,048 | 37,572 | 35,170 |
| Total operating revenues | 230,278 | 253,102 | 736,866 | 797,238 |
| Costs and Expenses: | | | | |
| Employee compensation and benefits | 105,437 | 116,746 | 350,299 | 368,802 |
| Production and distribution | 52,582 | 53,437 | 165,256 | 169,132 |
| Programs and program licenses | 11,957 | 11,873 | 34,931 | 35,598 |
| Marketing and advertising | 2,571 | 3,049 | 11,195 | 11,323 |
| Other costs and expenses | 36,626 | 40,607 | 113,129 | 121,948 |
| Separation costs | 22,020 | 257 | 31,629 | 257 |
| Total costs and expenses | 231,193 | 225,969 | 706,439 | 707,060 |
| Depreciation, Amortization, and (Gains) Losses: | | | | |
| Depreciation | 11,155 | 10,523 | 32,159 | 31,016 |
| Amortization of intangible assets | 998 | 807 | 2,599 | 2,283 |
| Write-down of newspaper goodwill | | | 778,900 | |
| Losses (gains) on disposal of property, plant and equipment | 17 | 188 | (2,244) | 256 |
| Net depreciation, amortization and (gains) losses | 12,170 | 11,518 | 811,414 | 33,555 |
| Operating income (loss) | (13,085) | 15,615 | (780,987) | 56,623 |
| Interest expense | | (8,856) | (10,999) | (29,123) |
| Equity in earnings of JOAs and other joint ventures | 1,902 | 7,978 | 12,875 | 16,705 |
| Write-down of investments in newspaper partnerships | (24,908) | | (119,908) | |
| Losses on repurchases of debt | | | (26,380) | |
| Miscellaneous, net | (320) | 12,042 | 7,776 | 14,195 |
| Income (loss) from continuing operations before income taxes and minority interests | (36,411) | 26,779 | (917,623) | 58,400 |
| Provision (benefit) for income taxes | (15,486) | 9,983 | (296,876) | 29,841 |
| Income (loss) from continuing operations before minority interests | (20,925) | 16,796 | (620,747) | 28,559 |
| Minority interests | 67 | 202 | 101 | 335 |
| Income (loss) from continuing operations | (20,992) | 16,594 | (620,848) | 28,224 |
| Income from discontinued operations, net of tax | 4,193 | 71,773 | 156,876 | 226,088 |
| Net income (loss) | \$ (16,799) | \$ 88,367 | \$ (463,972) | \$ 254,312 |
| Net income (loss) per basic share of common stock: | | | | |
| Income (loss) from continuing operations | (\$.39) | \$.31 | (\$11.44) | \$.52 |
| Income from discontinued operations | .08 | 1.32 | 2.89 | 4.16 |

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| | | | | |
|--|----------|---------|-----------|---------|
| Net income (loss) per basic share of common stock | (\$.31) | \$ 1.63 | (\$8.55) | \$ 4.68 |
| Net income (loss) per diluted share of common stock: | | | | |
| Income (loss) from continuing operations | (\$.39) | \$.30 | (\$11.44) | \$.52 |
| Income from discontinued operations | .08 | 1.31 | 2.89 | 4.13 |
| Net income (loss) per diluted share of common stock | (\$.31) | \$ 1.62 | (\$8.55) | \$ 4.64 |

Net income (loss) per share amounts may not foot since each is calculated independently.

See notes to condensed consolidated financial statements.

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| | Nine months ended September 30, | |
|--|------------------------------------|------------|
| | 2008 | 2007 |
| Cash Flows from Operating Activities: | | |
| Net income (loss) | \$ (463,972) | \$ 254,312 |
| Income from discontinued operations | (156,876) | (226,088) |
| Income (loss) from continuing operations | (620,848) | 28,224 |
| Adjustments to reconcile income (loss) from continuing operations to net cash flows from operating activities: | | |
| Depreciation and intangible assets amortization | 34,758 | 33,299 |
| Asset impairments | 898,808 | |
| Losses (gains) on repurchases of debt | 26,380 | |
| Losses (gains) on sale of property, plant and equipment | (2,244) | 256 |
| Equity in earnings of JOAs and other joint ventures | (12,875) | (16,705) |
| Deferred income taxes | (309,074) | 15,545 |
| Excess tax benefits of stock compensation plans | (1,228) | 1,200 |
| Stock and deferred compensation plans | 37,458 | 25,605 |
| Minority interests in income of subsidiary companies | 101 | 335 |
| Dividends received from JOAs and other joint ventures | 19,844 | 30,143 |
| Prepaid and accrued pension expense | 1,171 | (5) |
| Other changes in certain working capital accounts, net | 2,128 | 27,608 |
| Miscellaneous, net | (8,799) | (6,593) |
| Net cash provided by continuing operating activities | 65,580 | 138,912 |
| Net cash provided by discontinued operating activities | 263,353 | 278,158 |
| Net operating activities | 328,933 | 417,070 |
| Cash Flows from Investing Activities: | | |
| Purchase of subsidiary companies, minority interest, and long-term investments | | (1,995) |
| Additions to property, plant and equipment | (59,198) | (33,436) |
| Decrease (increase) in short-term investments | 13,816 | (36,390) |
| Proceeds from sale of investments | 37,091 | 10,530 |
| Increase in investments | (580) | (1,238) |
| Miscellaneous, net | (746) | 873 |
| Net cash used in continuing investing activities | (9,617) | (61,656) |
| Net cash used in discontinued investing activities | (38,799) | (20,026) |
| Net investing activities | (48,416) | (81,682) |
| Cash Flows from Financing Activities: | | |
| Increase in long-term debt | 69,600 | |
| Payments on long-term debt | (514,784) | (159,969) |
| Bond redemption premium payment | (22,517) | |
| Dividends paid | (53,957) | (65,388) |
| Dividends paid to minority interests | (24) | (504) |
| Repurchase Class A Common shares | (17,125) | (57,500) |
| Proceeds from employee stock options | 15,071 | 12,636 |
| Excess tax benefits of stock compensation plans | 1,228 | 2,439 |
| Miscellaneous, net | 3,931 | (2,166) |

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| | | |
|--|-----------|-----------|
| Net cash used in continuing financing activities | (518,577) | (270,452) |
| Net cash provided by (used in) discontinued financing activities | 257,920 | (75,990) |
| Net financing activities | (260,657) | (346,442) |
| Effect of exchange rate changes on cash and cash equivalents | (75) | 288 |
| Change in cash - discontinued operations | (23,268) | 10,639 |
| Decrease in cash and cash equivalents | (3,483) | (127) |
| Cash and cash equivalents: | | |
| Beginning of year | 19,100 | 11,489 |
| End of period | \$ 15,617 | \$ 11,362 |

See notes to condensed consolidated financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****AND SHAREHOLDERS EQUITY (UNAUDITED)***(in thousands, except share data)*

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders Equity | Comprehensive Income (Loss) for the Three Months Ended September 30 |
|--|-----------------|----------------------------------|----------------------|---|---------------------------------|---|
| As of December 31, 2006 | \$ 545 | \$ 432,523 | \$ 2,145,875 | \$ 2,492 | \$ 2,581,435 | |
| Comprehensive income: | | | | | | |
| Net income | | | 254,312 | | 254,312 | \$ 88,367 |
| Unrealized gains (losses) on investments, net of tax of \$2,350 and \$1,885 | | | | (4,125) | (4,125) | (3,309) |
| Adjustment for losses (gains) in income, net of tax of \$19 | | | | (35) | (35) | (35) |
| Change in unrealized gains (losses) on investments | | | | (4,160) | (4,160) | (3,344) |
| Amortization of prior service costs, actuarial losses, and transition obligations, net of tax of \$(1,000) and \$(308) | | | | 1,744 | 1,744 | 538 |
| Currency translation, net of tax of \$(1,107) and \$(517) | | | | 19,784 | 19,784 | 7,793 |
| Total comprehensive income | | | | | 271,680 | \$ 93,354 |
| FIN 48 transition adjustment | | | (30,869) | | (30,869) | |
| Dividends: declared and paid - \$1.20 per share | | | (65,388) | | (65,388) | |
| Repurchase 433,333 Class A Common shares | (4) | (4,179) | (53,317) | | (57,500) | |
| Compensation plans, net: 222,141 shares issued; 15,178 shares repurchased; 533 shares forfeited | 2 | 35,571 | | | 35,573 | |
| Tax benefits of compensation plans | | 3,639 | | | 3,639 | |
| As of September 30, 2007 | \$ 543 | \$ 467,554 | \$ 2,250,613 | \$ 19,860 | \$ 2,738,570 | |
| As of December 31, 2007 | \$ 543 | \$ 476,142 | \$ 1,971,848 | \$ 1,828 | \$ 2,450,361 | |
| Comprehensive loss: | | | | | | |
| Net loss | | | (463,972) | | (463,972) | \$ (16,799) |
| Unrealized gains (losses) on investments, net of tax of \$79 | | | | (682) | (682) | |
| Adjustment for losses (gains) in income, net of tax of \$1,968 | | | | (3,655) | (3,655) | |
| Change in unrealized gains (losses) on investments | | | | (4,337) | (4,337) | |
| Amortization of prior service costs, actuarial losses, and transition obligations, net of tax of \$(962) and \$(206) | | | | 2,081 | 2,081 | 743 |
| | | | | (162) | (162) | (67) |

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| | | | | | | |
|---|--------|------------|-------------|-------------|-------------|-------------|
| Equity in investee's adjustments for FAS 158, net of tax of \$89 and \$28 | | | | | | |
| Currency translation adjustment, net of tax of \$307 | | | (40) | | (40) | 3 |
| Total comprehensive loss | | | | | (466,430) | \$ (16,120) |
| Dividends: declared and paid - \$.99 per share | | | (53,957) | | (53,957) | |
| Spin-off of SNI | | | (1,213,484) | (40,602) | (1,254,086) | |
| Repurchase 883,833 Class A Common shares | (9) | (9,632) | (7,484) | | (17,125) | |
| Compensation plans, net: 874,264 shares issued; 15,897 shares repurchased; 162,402 shares forfeited | 7 | 35,359 | | | 35,366 | |
| Stock modification change | | 19,547 | | | 19,547 | |
| Tax benefits of compensation plans | | 2,090 | | | 2,090 | |
| As of September 30, 2008 | \$ 541 | \$ 523,506 | \$ 232,951 | \$ (41,232) | \$ 715,766 | |

See notes to condensed consolidated financial statements.

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto included in our 2007 Annual Report on Form 10-K. In management's opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made. Certain amounts in prior periods have been reclassified to conform to the current period's presentation.

Results of operations are not necessarily indicative of the results that may be expected for future interim periods or for the full year.

Nature of Operations - We are a diverse media concern with interests in newspaper publishing, broadcast television, and licensing and syndication. All of our media businesses provide content and advertising services via the Internet. Our media businesses are organized into the following reportable business segments: Newspapers, JOAs and newspapers partnerships, and Television. Licensing and other media aggregates our operating segments that are too small to report separately, and primarily includes syndication and licensing of news features and comics. Additional information for our business segments is presented in Note 12.

In July we distributed our national cable television networks and interactive media businesses to shareholders in a tax free spin-off. Information on the spin-off of the national cable television networks and interactive media division have been presented as discontinued operations for all periods presented. Information on the spin-off is in Note 3.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions.

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the recognition of certain revenues; rebates due to customers; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets and goodwill; income taxes payable; estimates for uncollectible accounts receivable; and self-insured risks.

While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could differ from those estimated at the time of preparation of the financial statements.

Concentration of Credit Risk - In order to reduce our price of newsprint and to manage delivery and supply of newsprint, we purchase and arrange delivery of newsprint for other newspaper companies. At September 30, 2008, we had \$27 million of accounts receivable from these other newspaper companies. As of the date of the issuance of these financial statements all amounts owed to us as of September 30 had been paid in full.

Newspaper Joint Operating Agreements (JOA) - We include our share of JOA earnings in Equity in earnings of JOAs and other joint ventures in our Condensed Consolidated Statements of Operations. The related editorial costs and expenses are included within costs and expenses in our Condensed Consolidated Statements of Operations. Our residual interest in the net assets of the Denver JOA is classified as an investment in the Condensed Consolidated Balance Sheets.

Revenue Recognition - Revenue is recognized when persuasive evidence of a sales arrangement exists, delivery occurs or services are rendered, the sales price is fixed or determinable and collectability is reasonably assured. When a sales arrangement contains multiple elements, such as the sale of advertising and other services, revenue is allocated to each element based upon its relative fair value. Revenue recognition may be ceased on delinquent accounts depending upon a number of factors, including the customer's credit history, number of days past due, and the terms of any agreements with the customer. Revenue recognition on such accounts resumes when the customer has taken actions to remove their accounts from delinquent status, at which time any associated deferred revenues would also be recognized. Revenue is reported net of our remittance of sales taxes, value added taxes and other taxes collected from our customers.

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Our primary sources of revenue are from:

The sale of print, broadcast, and Internet advertising

The sale of newspapers

Licensing royalties

The revenue recognition policies for each source of revenue are described in our annual report on Form 10-K for the year ended December 31, 2007.

Share-Based Compensation - We have a Long-Term Incentive Plan (the Plan) which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2007. The Plan provides for the award of incentive and nonqualified share options, share appreciation rights, restricted and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

Share-Based Equity Awards

As a result of the distribution of Scripps Networks Interactive, Inc. (SNI) to the shareholders of The E.W. Scripps Company (EWS), employees holding share-based equity awards, including share options and restricted shares, have received modified awards in either EWS, SNI or both companies based on whether the awards were vested or unvested at the time of the spin-off of SNI and whether the employee is an EWS or SNI employee. Under FAS 123R the adjustments to the outstanding share-based equity awards are considered modifications and accordingly we compared the fair value of the awards immediately prior to the modifications to the fair value of the awards immediately after the modifications to measure the incremental share-based compensation. As a result we recorded a one-time compensation charge of \$19.6 million for the vested options, which is included in Separation Costs in the Condensed Consolidated Statements of Operations.

Share based compensation costs for continuing operations, excluding the charge for the modification, totaled \$2.8 million for the third quarter of 2008 and \$2.1 million for the third quarter of 2007. Year-to-date share based compensation costs for continuing operations totaled \$9.7 million in 2008 and \$9.9 million in 2007.

Share based compensation costs for discontinued operations, excluding the charge for the modification, totaled \$2.7 million for the third quarter of 2008 and \$2.6 million for the third quarter of 2007. Year-to-date share based compensation costs for discontinued operations totaled \$11.7 million in 2008 and \$11.9 million in 2007.

Share Split On July 15, 2008, the holders of our Common Voting Shares and Class A Common Shares approved a 1-for-3 reverse split by means of an amendment to the Company's Articles of Incorporation pursuant to which: (i) each issued and outstanding Common Voting Share was reclassified and changed into one-third (1/3) of a Common Voting Share, (ii) each issued and outstanding Class A Common Share was reclassified and changed into one-third (1/3) of a Class A Common Share, and (iii) the Company's stated capital account was reduced proportionately. Any fractional interest in a Common Voting Share or Class A Common Share that existed after giving effect to the amendment was paid in cash. All share and per share amounts in our Condensed Consolidated Financial Statements and related notes have been retroactively adjusted to reflect the reverse share split for all periods presented.

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Earnings Per Share (EPS) - Basic EPS is calculated by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of the potential issuance of common shares. The following table presents information about basic and diluted weighted-average shares outstanding:

| <i>(in thousands)</i> | Three months ended | | Nine months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2008 | September 30, 2007 | September 30, 2008 | September 30, 2007 |
| Basic weighted-average shares outstanding | 54,182 | 54,273 | 54,254 | 54,377 |
| Effect of dilutive securities: | | | | |
| Unvested restricted stock and share units held by employees | | 77 | | 73 |
| Stock options held by employees and directors | | 276 | | 353 |
| Diluted weighted-average shares outstanding | 54,182 | 54,626 | 54,254 | 54,803 |
| Anti-dilutive stock securities | 13,006 | 7,234 | 13,006 | 7,234 |

Due to the net loss in 2008, the diluted EPS calculation for the three and nine months ended September 30 excludes unvested stock, share units and stock options held by employees and directors, as they were anti-dilutive.

For 2007, we had stock options that were anti-dilutive and accordingly were not included in the computation of diluted weighted-average shares outstanding.

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2. ACCOUNTING CHANGES AND RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting Changes - In September 2006, the Financial Accounting Standards Board (FASB) issued FAS 157, Fair Value Measurements (FAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the FASB issued Staff Position 157-2 (FSP), Effective Date of FASB Statement No. 157, which delays the effective date of FAS 157 for non-financial assets and liabilities, except for those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. Under the provisions of the FSP, we will delay application of FAS 157 for fair value measurements used in the impairment testing of goodwill and indefinite-lived intangible assets and eligible non-financial assets and liabilities included within a business combination. The adoption of FAS 157 did not have a material impact on our financial statements. See Note 10, Fair Value Measurement, for additional information.

In February 2007, the FASB issued FAS 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115 (FAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. We adopted FAS 159 as of January 1, 2008. The adoption of FAS 159 had no impact on our financial statements.

Recently Issued Accounting Standards - In December 2007, the FASB issued FAS No. 141(R), Business Combinations (FAS 141(R)). FAS 141(R) provides guidance relating to recognition of assets acquired and liabilities assumed in a business combination. FAS 141(R) also establishes expanded disclosure requirements for business combinations. FAS 141(R) is effective for us on January 1, 2009, and we will apply FAS 141(R) prospectively to all business combinations subsequent to the effective date.

In December 2007, the FASB issued FAS No. 160, Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51 (FAS 160). FAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 provides guidance related to accounting for noncontrolling (minority) interests as equity in the consolidated financial statements at fair value. FAS 160 is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the impact that the adoption of FAS 160 will have on our financial statements.

In March 2008, the FASB issued FAS No. 161, Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133 (FAS 161). FAS 161 amends and expands the disclosure requirements of Statement 133 to provide a better understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and their effect on an entity's financial position, financial performance, and cash flows. FAS 161 is effective for fiscal years beginning after November 15, 2008. We are currently evaluating the impact that the adoption of FAS 161 will have on our financial statements.

In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities (FSP EITF 03-6-1). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method as described in FAS No. 128, Earnings per Share. Under the guidance in FSP EITF 03-6-1, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 is effective for us on January 1, 2009, and prior-period earnings per share data will be adjusted retrospectively. We are currently evaluating the impact that the adoption of FSP EITF 03-6-1 will have on our financial statements.

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3. DISCONTINUED OPERATIONS

Spin-Off of Scripps Networks Interactive

On October 16, 2007, the Company announced that its Board of Directors had authorized management to pursue a plan to separate E. W. Scripps (Scripps or EWS) into two independent, publicly-traded companies (the Separation) through the spin-off of Scripps Networks Interactive, Inc. (SNI) to the Scripps shareholders. To effect the Separation, SNI was formed on October 23, 2007, as a wholly owned subsidiary of Scripps. The assets and liabilities of the Scripps Networks and Interactive Media businesses of Scripps were transferred to SNI.

The distribution of all of the shares of SNI was made on July 1, 2008 to the shareholders of record as of the close of business on June 16, 2008 (the Record Date). The shareholders of record received one SNI Class A Common Share for every Scripps Class A Common Share held as the Record Date and one SNI Common Voting Share for every Scripps Common Voting Share held as of the Record Date.

As a result of the spin-off, SNI has been presented as discontinued operations in our financial statements.

In connection with the Separation, the following agreements between Scripps and SNI became effective:

Separation and Distribution Agreement

Transition Services Agreement

Employee Matters Agreement

Tax Allocation Agreement

Separation and Distribution Agreement

The Separation and Distribution Agreement contains the key provisions relating to the separation of SNI from EWS and the distribution of SNI common shares to EWS shareholders. The agreement also identifies the assets to be transferred to and the liabilities and contracts to be assumed by SNI or retained by EWS in the distribution and when and how the transfers will occur. The agreement also provides that liability for, and control of, future litigation claims against either company for events that took place prior to the separation will be assumed by the company operating the business to which the claim relates. In the case of businesses which were sold or discontinued prior to the date of the separation, the agreement identifies which company has assumed those liabilities.

The agreement provides for indemnification of the other company and the other company's officers, directors and employees for losses arising out of:

Its failure to perform or discharge any of the liabilities it assumes pursuant to the Separation and Distribution Agreement.

Its businesses as conducted as of the date of the separation and distribution.

Its breaches of the Separation and Distribution agreement, any of the ancillary agreements pursuant to which EWS or SNI are co-parties or share benefits and burdens.

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Its untrue statement or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact, required to be stated or necessary to make statements therein not misleading in the portions of the following documents for which it has assumed responsibility for: Form 10 Registration Statement of SNI, the definitive proxy statement sent to the EWS shareholders soliciting their vote on the separation transaction and its other public filings made by EWS after the distribution date.

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Transition Services Agreement

The Transition Services Agreement provides for EWS and SNI to provide services to each other on a compensated basis for a period of up to two years. Compensation will be on an arms-length basis. EWS will provide services or support to SNI, including information technology, human resources, accounting and finance, and facilities. SNI will provide information technology support and services.

Employee Matters Agreement

The Employee Matters Agreement provides for the allocation of the liabilities and responsibilities relating to employee compensation and benefit plans and programs, including the treatment of outstanding incentive awards, deferred compensation obligations and retirement and welfare benefit obligations between EWS and SNI. The agreement provides that EWS and SNI will each be responsible for all employment and benefit related obligations and liabilities for employees that work for the respective companies. The agreement also provides that SNI employees will continue to participate in certain of the EWS benefit plans during a transition period through December 31, 2008. After the transition period, the account balances or actuarially determined values of assets and liabilities of SNI employees will be transferred to the benefit plans of SNI. The agreement also governs the treatment of outstanding EWS share-based equity awards. See [Share-Based Equity Awards](#) below.

Tax Allocation Agreement

The Tax Allocation Agreement sets forth the allocations and responsibilities of EWS and SNI with respect to liabilities for federal, state, local and foreign income taxes for periods before and after the spin-off, tax deductions related to compensation arrangements, preparation of income tax returns, disputes with taxing authorities and indemnification of income taxes that would become due if the spin-off were taxable. Generally EWS and SNI will be responsible for income taxes for periods before the spin-off for their respective businesses.

Other Agreements

EWS and SNI have also entered into various other agreements that have been negotiated on an arm's length basis and that individually or in the aggregate do not constitute material agreements.

Other Discontinued Operations

Our Cincinnati JOA with Gannett Co. Inc., was not renewed when the agreement terminated on December 31, 2007. In connection with the termination of the JOA, we ceased publication of our Cincinnati Post and Kentucky Post newspapers that participated in the Cincinnati JOA.

In 2006, we sold our Shop At Home television network to Jewelry Television. We also reached agreement in the third quarter of 2006 to sell the five Shop At Home-affiliated broadcast television stations. On December 22, 2006, we closed the sale of the three stations located in San Francisco, CA, Canton, OH and Wilson, NC. The sale of the two remaining stations located in Lawrence, MA, and Bridgeport, CT closed on April 24, 2007.

In accordance with the provisions of FAS 144, [Accounting for the Impairment or Disposal of Long-Lived Assets](#), the results of businesses held for sale or that have ceased operations are presented as discontinued operations within our results of operations. Accordingly, these businesses have been excluded from segment results for all periods presented.

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Operating results of our discontinued operations were as follows:

| <i>(in thousands)</i> | Three months ended | | Nine months ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Operating revenues | \$ | \$ 343,424 | \$ 804,436 | \$ 1,042,808 |
| Equity in earnings of JOAs and other joint ventures | \$ | \$ 7,566 | \$ 8,759 | \$ 24,527 |
| Income from discontinued operations: | | | | |
| Income (loss) from discontinued operations, before tax | \$ (1,230) | \$ 126,954 | \$ 310,768 | \$ 385,234 |
| Income taxes | 5,423 | (37,207) | (107,192) | (102,337) |
| Minority interest | | (17,974) | (46,700) | (56,809) |
| Income from discontinued operations | \$ 4,193 | \$ 71,773 | \$ 156,876 | \$ 226,088 |

The Company incurred certain non-recurring costs directly related to the spin-off of SNI of \$22.9 million and \$46.3 million for the three- and nine-month periods ending September 30, 2008. Of these amounts, which were primarily for investment banking fees, legal, accounting and other professional and consulting fees, \$0.9 million and \$14.7 million for the three and nine month periods ended September 30, 2008 have been allocated to discontinued operations in the Condensed Consolidated Statements of Operations. All remaining amounts are recorded in earnings from continuing operations for each period.

A tax benefit of \$3.4 million was recognized in 2007 related to differences that were identified between our prior year provision and tax returns for our Shop At Home businesses.

As discussed previously, on July 1, 2008, the Company completed the spin-off of SNI through a tax-free stock dividend to its shareholders. The following table presents summary information of the net assets distributed on July 1, 2008.

| <i>(in thousands)</i> | |
|--------------------------------------|---------------------|
| Assets: | |
| Total current assets | \$ 446,088 |
| Property, plant and equipment, net | 182,122 |
| Goodwill and intangible assets | 783,626 |
| Other assets | 658,641 |
| Total assets distributed | \$ 2,070,477 |
| Liabilities: | |
| Total current liabilities | \$ 134,876 |
| Deferred income taxes | 142,468 |
| Long-term debt | 325,000 |
| Other liabilities | 85,032 |
| Minority interest | 129,015 |
| Total liabilities distributed | 816,391 |
| Net assets distributed | \$ 1,254,086 |

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4. OTHER CHARGES AND CREDITS

2008 Separation costs increased loss from continuing operations by \$14.0 million in the third quarter and by \$22.2 million year-to-date.

In the second quarter we recorded a \$779 million, non-cash charge to reduce the carrying value of goodwill. We also recorded a non-cash charge of \$95 million to reduce the carrying value of our investment in the Denver JOA and Colorado newspaper partnership to our share of the estimated fair value of their net assets. In the third quarter we recorded an additional \$24.9 million charge related to continued declines in the value of our investment in the Denver JOA. The impairment charges increased loss from continuing operations by \$15.8 million and by \$599 million in the year-to-date period.

In the second quarter of 2008, we redeemed the remaining balances of our outstanding notes and recorded a \$26.4 million loss on the extinguishment of debt. Loss from continuing operations in the year-to-date period was increased by \$.48 per share.

Investment results, reported in the caption Miscellaneous, net in our Condensed Consolidated Statements of Operations, include realized gains from the sale of certain investments in the second quarter of 2008. Net loss was decreased by \$4.3 million, or \$.08 per share.

2007 A majority of our newspapers offered voluntary separation plans to eligible employees during 2007. In connection with the acceptance of the offer by 137 employees, we accrued severance related costs of \$8.9 million in the second quarter of 2007. Income from continuing operations was reduced by \$.10 per share.

5. INCOME TAXES

We file a consolidated federal income tax return, consolidated unitary returns in certain states, and other separate state income tax returns for certain of our subsidiary companies.

The income tax provision for interim periods is determined based upon the expected effective income tax rate for the full year and the tax rate applicable to certain discrete transactions in the interim period. To determine the annual effective income tax rate, we must estimate both the total income (loss) before income tax for the full year and the jurisdictions in which that income is subject to tax. The actual effective income tax rate for the full year may differ from these estimates if income (loss) before income tax is greater or less than what was estimated or if the allocation of income to jurisdictions in which it is taxed is different from the estimated allocations. We review and adjust our estimated effective income tax rate for the full year each quarter based upon our most recent estimates of income before income tax for the full year and the jurisdictions in which we expect that income will be taxed.

Liabilities for uncertain tax positions totaled \$16 million at September 30, 2008. Under the Tax Allocation Agreement between Scripps and SNI, SNI is responsible for its own pre-spin-off tax obligations. However due to regulations governing the U.S. federal consolidated tax return and certain combined state tax returns, we remain severally liable for SNI's pre-spin-off federal taxes as well as certain state taxes. The liability for uncertain tax positions includes \$5.9 million for amounts for which we would be indemnified by SNI.

During the quarter ended September 30, 2008 we recognized a reduction in our liability for uncertain tax positions of \$2.2 million upon the final settlement of our 2001 through 2004 Federal Income Tax Returns.

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6. JOINT OPERATING AGREEMENT AND NEWSPAPER PARTNERSHIPS

Our Denver newspaper (Rocky Mountain News) is operated pursuant to the terms of a joint operating agreement (JOA) which expires in 2051. The other publisher in the JOA is MediaNews Group, Inc. The Newspaper Preservation Act of 1970 provides a limited exemption from anti-trust laws, permitting competing newspapers in a market to combine their sales, production and business operations in order to reduce aggregate expenses and take advantage of economies of scale, thereby allowing the continuing operation of both newspapers in that market. Each newspaper in a JOA maintains a separate and independent editorial operation.

The sales, production and business operations of the Denver newspapers are operated by the Denver Newspaper Agency, a limited liability partnership (the Denver JOA). Each newspaper owns 50% of the Denver JOA and shares management of the combined newspaper operations. We receive a 50% share of the Denver JOA profits.

We have a 50% interest in a newspaper partnership with MediaNews Group, Inc. that operates certain of both companies newspapers in Colorado, including their editorial operations.

Due primarily to the continuing negative effects of the economy on the advertising revenues of the Denver JOA and the Colorado newspaper partnership we determined that indications of impairment of our investments in those newspaper partnerships existed as of June 30, 2008. We recorded a non-cash charge of \$95 million to reduce the carrying value of our investment in the Denver JOA and Colorado newspaper partnership to our share of the estimated fair value of their net assets. In the third quarter, based on the continued deterioration of the operating results of our Denver JOA newspaper partnership we determined that an additional \$ 24.9 million non-cash charge was required to further adjust the carrying value of our investment to fair value. The Denver JOA has long-term debt of approximately \$120 million which is unsecured and non-recourse to the partners of the JOA.

In the first quarter of 2008, we ceased publication of our Albuquerque Tribune newspaper. At the same time we also reached an agreement with the Journal Publishing Company (JPC), the publisher of the Albuquerque Journal (Journal), to terminate the Albuquerque joint operating agreement between the Journal and our Albuquerque Tribune newspaper. Under an amended agreement with the JPC, we will own an approximate 40% residual interest in the Albuquerque Publishing Company, G.P. (the Partnership) and we will pay JPC an annual amount equal to a portion of the editorial savings realized from ceasing publication of our newspaper. The Partnership will direct and manage the operations of the continuing Journal newspaper.

Our share of the operating profit (loss) of our JOA and our newspaper partnerships is reported as Equity in earnings of JOAs and other joint ventures in our financial statements.

Table of Contents**7. GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill and other intangible assets consisted of the following:

| <i>(in thousands)</i> | As of September 30, 2008 | As of December 31, 2007 |
|---|--------------------------------|-------------------------------|
| Goodwill | \$ 215,432 | \$ 1,001,053 |
| Other intangible assets: | | |
| Amortizable intangible assets: | | |
| Carrying amount: | | |
| Television network affiliation relationships | 26,748 | 26,748 |
| Customer lists | 12,794 | 12,794 |
| Other | 32,826 | 6,193 |
| Total carrying amount | 72,368 | 45,735 |
| Accumulated amortization: | | |
| Television network affiliation relationships | (4,409) | (3,582) |
| Customer lists | (6,625) | (5,143) |
| Other | (30,713) | (3,792) |
| Total accumulated amortization | (41,747) | (12,517) |
| Net amortizable intangible assets | 30,621 | 33,218 |
| Indefinite-lived intangible assets - FCC licenses | 25,622 | 25,622 |
| Total other intangible assets | 56,243 | 58,840 |
| Total goodwill and other intangible assets | \$ 271,675 | \$ 1,059,893 |

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Activity related to goodwill by business segment was as follows:

| <i>(in thousands)</i> | Newspapers | Television | Licensing and Other | Total |
|----------------------------------|------------|------------|------------------------|--------------|
| Goodwill: | | | | |
| Balance as of December 31, 2006 | \$ 777,902 | \$ 219,367 | \$ 18 | \$ 997,287 |
| Business acquisitions | 998 | | | 998 |
| Balance as of September 30, 2007 | \$ 778,900 | \$ 219,367 | \$ 18 | \$ 998,285 |
| Balance as of December 31, 2007 | \$ 785,621 | \$ 215,414 | \$ 18 | \$ 1,001,053 |
| Write-down of newspaper goodwill | (778,900) | | | (778,900) |
| Other adjustments | (6,721) | | | (6,721) |
| Balance as of September 30, 2008 | \$ | \$ 215,414 | \$ 18 | \$ 215,432 |

Estimated amortization expense of intangible assets for each of the next five years is expected to be \$0.8 million for the remainder of 2008, \$2.5 million in 2009, \$2.3 million in 2010, \$2.2 million in 2011, \$1.8 million in 2012, \$1.6 million in 2013 and \$19.4 million in later years.

SFAS 142, Goodwill and Other Intangible Assets (SFAS 142), requires goodwill and other indefinite-lived assets to be tested for impairment annually and if an event or conditions change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such assets. The testing for impairment is a two-step process. The first step is the estimation of the fair value of each of the reporting units, which is then compared to their carrying value. If the fair value is less than the carrying value of the reporting unit then an impairment of goodwill possibly exists. Step two is then performed to determine the amount of impairment.

Due primarily to the continuing negative effects of the economy on our advertising revenues and those of other publishing companies, and the difference between our stock price following the spin-off of SNI to our shareholders and the per-share carrying value of our remaining net assets, we determined that indications of impairment existed as of June 30, 2008.

Under the two-step process required by SFAS 142, we made a determination of the fair value of our businesses. Fair values were determined using a combination of an income approach, which estimated fair value based upon future revenues, expenses and cash flows discounted to their present value, and a market approach, which estimated fair value using market multiples of various financial measures compared to a set of comparable public companies.

The valuation methodology and underlying financial information that are used to determine fair value require significant judgments to be made by management. These judgments include, but are not limited to, long-term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

We concluded the fair value of our newspaper businesses did not exceed the carrying value of our newspaper net assets as of June 30, 2008, while the fair value of our television reporting unit was in excess of the carrying value. Because of the timing and complexity of the calculations required under step two of the process, we had not yet completed that process as of the issuance of our June 30, 2008 financial statements. However, based upon our preliminary valuations, we recorded a \$779 million, non-cash charge in the three months ended June 30, 2008 to reduce the carrying value of goodwill. We completed step two of the goodwill impairment analysis for our newspaper business in the third quarter which resulted in no adjustment to the impairment charge taken in the second quarter.

Table of Contents**8. LONG-TERM DEBT**

Long-term debt consisted of the following:

| <i>(in thousands)</i> | As of September 30, 2008 | As of December 31, 2007 |
|---------------------------------------|--------------------------------|-------------------------------|
| Variable-rate credit facilities | \$ 59,100 | \$ 79,559 |
| 3.75% notes due in 2008 | | 39,950 |
| 4.25% notes due in 2009 | | 86,091 |
| 4.30% notes due in 2010 | | 112,840 |
| 5.75% notes due in 2012 | | 184,922 |
| Other notes | 1,200 | 1,301 |
| Long-term debt (less current portion) | \$ 60,300 | \$ 504,663 |

On June 30, 2008, the existing credit agreement we had was cancelled and we entered into a new Revolving Credit Agreement (Revolving Credit Agreement) expiring on June 30, 2013, with a total availability of \$200 million. Borrowings under the Revolver are available on a committed revolving credit basis at our choice of an adjusted rate based on LIBOR plus 0.625% to 1.5% or the higher of the prime or the Federal Funds rate plus 0.5 %.

The Revolving Credit Agreement includes certain affirmative and negative covenants including compliance with specified financial ratios, including maintenance of minimum interest coverage ratio and leverage ratio as defined in the agreement. We must maintain a minimum of a 3.0 to 1.0 interest coverage ratio of Consolidated EBITDA, as defined in the agreement, for the last four quarters to Consolidated interest expense for the same period. We must maintain a Leverage Ratio of less than 3.0 to 1.0 of Consolidated Total Debt divided by Consolidated EBITDA for the last four quarters. EBITDA is adjusted for unusual and non-recurring non-cash charges and non-cash compensation expenses arising from share based equity awards.

The scheduled \$40 million principal payment on our 3.75% notes was made in the first quarter of 2008. In June 2008, we redeemed the remaining balance of the 4.25% notes, the 4.3% notes, and the 5.75% notes prior to maturity resulting in a loss on extinguishment of \$26 million.

As of September 30, 2008, we had outstanding letters of credit totaling \$8.3 million.

9. OTHER LIABILITIES

Other liabilities consisted of the following:

| <i>(in thousands)</i> | As of September 30, 2008 | As of December 31, 2007 |
|--|--------------------------------|-------------------------------|
| Employee compensation and benefits | \$ 22,663 | \$ 28,506 |
| Liability for pension benefits | 41,995 | 39,001 |
| FIN 48 tax liability | 16,059 | 18,037 |
| Other | 23,306 | 21,168 |
| Other liabilities (less current portion) | \$ 104,023 | \$ 106,712 |

Table of Contents**10. FAIR VALUE MEASUREMENT**

We adopted SFAS 157 as of January 1, 2008, with the exception of the application of the standard to non-recurring, non-financial assets and liabilities. The adoption of SFAS 157 did not have a material impact on our fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a fair value hierarchy which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs, other than quoted market prices in active markets, that are observable either directly or indirectly.

Level 3 Unobservable inputs based on our own assumptions.

The following table sets forth our assets and liabilities that are measured at fair value on a recurring basis at September 30, 2008:

| <i>(in thousands)</i> | September 30, 2008 | | | |
|-------------------------------------|--------------------|-----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Short-term investments | \$ 31,015 | \$ 31,015 | \$ | \$ |
| Total assets measured at fair value | \$ 31,015 | \$ 31,015 | \$ | \$ |

Table of Contents**11. EMPLOYEE BENEFIT PLANS**

We sponsor defined benefit pension plans that cover substantially all non-union and certain union-represented employees. Benefits are generally based upon the employee's compensation and years of service.

We also have a non-qualified Supplemental Executive Retirement Plan (SERP). The SERP, which is unfunded, provides defined pension benefits in addition to the defined benefit pension plan to eligible participants based on average earnings, years of service and age at retirement.

Substantially all non-union and certain union employees are also covered by a company-sponsored defined contribution plan. We match a portion of employees' voluntary contributions to this plan. Other union-represented employees are covered by union-sponsored multi-employer plans.

We use a December 31 measurement date for our retirement plans. Expense for the plans is based on valuations performed by plan actuaries as of the beginning of each fiscal year. The components of the expense consisted of the following:

| <i>(in thousands)</i> | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Service cost | \$ 3,672 | \$ 4,912 | \$ 13,616 | \$ 14,181 |
| Interest cost | 6,608 | 7,240 | 21,434 | 20,725 |
| Expected return on plan assets, net of expenses | (7,977) | (9,549) | (25,226) | (27,252) |
| Amortization of prior service cost | 180 | 85 | 621 | 292 |
| Amortization of actuarial (gain)/loss | 305 | 180 | 1,187 | 623 |
| Total for defined benefit plans | 2,788 | 2,868 | 11,632 | 8,569 |
| Multi-employer plans | 172 | 333 | 533 | 959 |
| SERP | 874 | 1,511 | 5,032 | 5,112 |
| Defined contribution plans | 1,379 | 2,084 | 6,160 | 6,433 |
| Net periodic benefit cost | 5,213 | 6,796 | 23,357 | 21,073 |
| Allocated to discontinued operations | | (2,253) | (6,392) | (6,542) |
| Net periodic benefit cost - continuing operations | \$ 5,213 | \$ 4,543 | \$ 16,965 | \$ 14,531 |

We contributed \$1.8 million to fund current benefit payments for our non-qualified SERP plan during the first three quarters of 2008. We anticipate contributing an additional \$.5 million to fund the SERP's benefit payments during the remainder of fiscal 2008. We have met the minimum funding requirements of our defined benefit pension plans. Accordingly, we do not anticipate making any contributions to these plans in 2008.

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12. SEGMENT INFORMATION

We determine our business segments based upon our management and internal reporting structure. Our reportable segments are strategic businesses that offer different products and services.

Our newspaper business segment includes daily and community newspapers in 15 markets in the U.S. Newspapers earn revenue primarily from the sale of advertising to local and national advertisers and from the sale of newspapers to readers.

JOAs and newspaper partnerships include a newspaper that is operated pursuant to the terms of joint operating agreement. See Note 6. The newspaper in the JOA maintains an independent editorial operation and receives a share of the operating profits of the combined newspaper operations. This segment also includes newspaper partnerships. As discussed in Note 1, we account for our share of the earnings of our JOA and newspaper partnerships using the equity method of accounting. Our equity in earnings of our JOA and newspaper partnerships is included in Equity in earnings of JOAs and other joint ventures in our Condensed Consolidated Statements of Income.

Television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent station. Our television stations reach approximately 11% of the nation's television households. Television stations earn revenue primarily from the sale of advertising to local and national advertisers.

Licensing and other media aggregates our operating segments that are too small to report separately, and primarily includes syndication and licensing of news features and comics.

The accounting policies of each of our business segments are those described in Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2007.

In addition, certain corporate costs and expenses, including information technology, pensions and other employee benefits, and other shared services, are allocated to our business segments. The allocations are generally amounts agreed upon by management, which may differ from amounts that would be incurred if such services were purchased separately by the business segment. Corporate assets are primarily cash, cash equivalents and other short-term investments, property and equipment primarily used for corporate purposes, and deferred income taxes.

Our chief operating decision maker (as defined by FAS 131 Segment Reporting) evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure we call segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities (including our proportionate share of JOA restructuring activities), investment results and certain other items that are included in net income determined in accordance with accounting principles generally accepted in the United States of America.

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Information regarding our business segments is as follows:

| <i>(in thousands)</i> | Three months ended September 30, | | Nine months ended September 30, | |
|--|---|-------------------|--|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Segment operating revenues: | | | | |
| Newspapers | \$ 131,103 | \$ 158,221 | \$ 431,135 | \$ 493,695 |
| JOAs and newspaper partnerships | 58 | 70 | 172 | 176 |
| Television | 76,919 | 73,278 | 233,458 | 234,325 |
| Licensing and other | 22,185 | 21,231 | 71,645 | 67,978 |
| Corporate | 13 | 302 | 456 | 1,064 |
| Total operating revenues | \$ 230,278 | \$ 253,102 | \$ 736,866 | \$ 797,238 |
| Segment profit (loss): | | | | |
| Newspapers | \$ 14,001 | \$ 32,656 | \$ 58,625 | \$ 98,603 |
| JOAs and newspaper partnerships | (3,051) | 1,714 | (3,768) | (4,774) |
| Television | 16,966 | 13,242 | 49,441 | 53,117 |
| Licensing and other | 1,547 | 1,298 | 6,088 | 5,797 |
| Corporate | (6,456) | (13,542) | (35,455) | (45,603) |
| Depreciation and amortization of intangibles | (12,153) | (11,330) | (34,758) | (33,299) |
| Write-down of newspaper goodwill | | | (778,900) | |
| Gains (losses) on disposal of property, plant and equipment | (17) | (188) | 2,244 | (256) |
| Interest expense | | (8,856) | (10,999) | (29,123) |
| Separation costs | (22,020) | (257) | (31,629) | (257) |
| Write-down of investment in newspaper partnerships | (24,908) | | (119,908) | |
| Gains (losses) on repurchases of debt | | | (26,380) | |
| Miscellaneous, net | (320) | 12,042 | 7,776 | 14,195 |
| Income (loss) from continuing operations before income taxes and minority interests | \$ (36,411) | \$ 26,779 | \$ (917,623) | \$ 58,400 |
| Depreciation: | | | | |
| Newspapers | \$ 5,517 | \$ 5,735 | \$ 16,327 | \$ 16,695 |
| JOAs and newspaper partnerships | 323 | 331 | 969 | 990 |
| Television | 4,788 | 4,265 | 13,925 | 12,707 |
| Licensing and other | 242 | 121 | 478 | 356 |
| Corporate | 285 | 71 | 460 | 268 |
| Total depreciation | \$ 11,155 | \$ 10,523 | \$ 32,159 | \$ 31,016 |
| Amortization of intangibles: | | | | |
| Newspapers | \$ 525 | \$ 523 | \$ 1,563 | \$ 1,439 |
| JOAs and newspaper partnerships | 188 | | 188 | |
| Television | 285 | 284 | 848 | 844 |
| Total amortization of intangibles | \$ 998 | \$ 807 | \$ 2,599 | \$ 2,283 |
| Additions to property, plant and equipment: | | | | |
| Newspapers | \$ 13,918 | \$ 4,571 | \$ 39,895 | \$ 15,782 |
| JOAs and newspaper partnerships | 76 | 11 | 114 | 213 |

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| | | | | |
|--|-----------|-----------|-----------|-----------|
| Television | 3,517 | 4,004 | 16,675 | 12,598 |
| Licensing and other | 270 | 939 | 1,538 | 3,071 |
| Corporate | 887 | 617 | 3,583 | 2,498 |
| Total additions to property, plant and equipment | \$ 18,668 | \$ 10,142 | \$ 61,805 | \$ 34,162 |

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No single customer provides more than 10% of our revenue. We also earn international revenues from the licensing of comic characters.

13. SUBSEQUENT EVENTS

Newspaper Restructurings

In November 2008 we announced a plan to reduce our workforce in the Newspaper division by approximately 400 people. As a result we will record a non-cash charge of approximately \$5 million in the fourth quarter for separation related expenses.

Interest rate swap

In October 2008, we entered into a 2 year \$30 million notional interest rate swap expiring in October 2010. Under this agreement we receive payments based on 3-month libor rate and make payments based on a fixed rate of 3.2%.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

This discussion and analysis of financial condition and results of operations is based upon the condensed consolidated financial statements and the condensed notes to the consolidated financial statements. You should read this discussion in conjunction with those financial statements.

FORWARD-LOOKING STATEMENTS

This discussion and the information contained in the condensed notes to the consolidated financial statements contains certain forward-looking statements related to our businesses that are based on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers' tastes; newsprint prices; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words believe, expect, anticipate, estimate, and similar expressions identify forward-looking statements. All forward-looking statements, which are as of the date of this filing, should be evaluated with the understanding of their inherent uncertainty. We undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

EXECUTIVE OVERVIEW

The E. W. Scripps Company (Scripps) is a diverse media company with interests in newspaper publishing, television stations, local internet businesses, and licensing and syndication. The company's portfolio of media properties includes: daily and community newspapers in 15 markets and the Washington-based Scripps Media Center, home to the Scripps Howard News Service; 10 television stations, including six ABC-affiliated stations, three NBC affiliates and one independent; and United Media, a leading worldwide licensing and syndication company that is the home of PEANUTS, DILBERT and approximately 150 other features and comics.

On October 16, 2007, the Company announced that its Board of Directors had authorized management to pursue a plan to separate Scripps into two independent, publicly-traded companies (the Separation) through the spin-off of Scripps Networks Interactive, Inc. (Scripps Networks Interactive) to the Scripps shareholders. To effect the Separation, Scripps Networks Interactive was formed on October 23, 2007, as a wholly-owned subsidiary of Scripps. The assets and liabilities of the Scripps Networks and Interactive Media businesses of Scripps were transferred to Scripps Networks Interactive, Inc.

The distribution of all of the shares of SNI was made on July 1, 2008 to the shareholders of record as of the close of business on June 16, 2008 (the Record Date). The shareholders of record received one SNI Class A Common Share for every Scripps Class A Common Share held as of the Record Date and one SNI Common Voting Share for every Scripps Common Voting Share held as of the Record Date.

As a result of the distribution of SNI to the shareholders of Scripps, employees holding share-based equity awards, including share options and restricted shares, have received modified awards in either Scripps, SNI or both companies based on whether the awards were vested or unvested at the time of the spin-off of SNI and whether the employee is an Scripps or SNI employee. Under FAS 123R the adjustments to the outstanding share based equity awards is considered a modification and accordingly we compared the fair value of the awards immediately prior to the modification to the fair value of the awards immediately after the modification to measure the incremental share-based compensation. The incremental compensation was \$19.6 million which was expensed in the third quarter.

In the second quarter of 2008, we concluded that we had indicators of impairment with respect to the carrying value of our newspaper goodwill and investments in our Colorado JOA and newspaper partnership. As a result, we took a preliminary \$779 million non-cash charge in the three months ended June 30, 2008 to write-down our newspapers goodwill and a \$95 million non-cash charge to reduce the carrying value of our Colorado JOA and newspaper partnership. We completed our goodwill impairment analysis in the third quarter which resulted in no adjustment to the impairment charge recorded in the second quarter. In the third quarter, based on the continued deterioration of the operating results of our Denver JOA newspaper partnership we determined that an additional \$24.9 million non-cash charge was required to further adjust the carrying value of our investment to fair value. The Denver JOA has long-term debt of approximately \$120 million which is unsecured and non-recourse to the partners of the JOA.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires us to make a variety of decisions which affect reported amounts and related disclosures, including the selection of appropriate accounting principles and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We are committed to incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.

Note 1 to the Consolidated Financial Statements included in our Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in estimates that are likely to occur could materially change the financial statements. We believe the accounting for Acquisitions, Goodwill and Other Indefinite-Lived Intangible Assets, Income Taxes and Pension Plans to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2007.

There have been no significant changes in those accounting policies or other significant accounting policies.

Table of Contents**RESULTS OF OPERATIONS**

The trends and underlying economic conditions affecting the operating performance and future prospects differ for each of our business segments. Accordingly, we believe the following discussion of our consolidated results of operations should be read in conjunction with the discussion of the operating performance of our business segments that follows on pages F-31 through F-39.

Consolidated Results of Operations - Consolidated results of operations were as follows:

(in thousands, except per share data)

| | Quarter Period | | | Year-to-date | | |
|--|--------------------|---------|------------------|---------------------|---------|-------------------|
| | 2008 | Change | 2007 | 2008 | Change | 2007 |
| Operating revenues | \$ 230,278 | (9.0)% | \$ 253,102 | \$ 736,866 | (7.6)% | \$ 797,238 |
| Costs and expenses less separation costs | 209,173 | (7.3)% | 225,712 | 674,810 | (4.5)% | 706,803 |
| Separation costs | 22,020 | | 257 | 31,629 | | 257 |
| Depreciation and amortization of intangibles | 12,153 | 7.3% | 11,330 | 34,758 | 4.4% | 33,299 |
| Write-down of newspaper goodwill | | | | 778,900 | | |
| Losses (gains) on disposal of PP&E | 17 | | 188 | (2,244) | | 256 |
| Operating income (loss) | (13,085) | | 15,615 | (780,987) | | 56,623 |
| Interest expense | | | (8,856) | (10,999) | (62.2)% | (29,123) |
| Equity in earnings of JOAs and other joint ventures | 1,902 | (76.2)% | 7,978 | 12,875 | (22.9)% | 16,705 |
| Write-down of investments in newspaper partnerships | (24,908) | | | (119,908) | | |
| Loss on repurchases of debt | | | | (26,380) | | |
| Miscellaneous, net | (320) | | 12,042 | 7,776 | | 14,195 |
| Income (loss) from continuing operations before income taxes and minority interests | (36,411) | | 26,779 | (917,623) | | 58,400 |
| Benefit (provision) for income taxes | 15,486 | | (9,983) | 296,876 | | (29,841) |
| Income (loss) from continuing operations before minority interests | (20,925) | | 16,796 | (620,747) | | 28,559 |
| Minority interests | (67) | | (202) | (101) | | (335) |
| Income (loss) from continuing operations | (20,992) | | 16,594 | (620,848) | | 28,224 |
| Income from discontinued operations, net of tax | 4,193 | | 71,773 | 156,876 | | 226,088 |
| Net income (loss) | \$ (16,799) | | \$ 88,367 | \$ (463,972) | | \$ 254,312 |
| Net income (loss) per basic share of common stock: | | | | | | |
| Income (loss) from continuing operations | (\$.39) | | \$.31 | (\$11.44) | | \$.52 |
| Income (loss) from discontinued operations | .08 | | 1.32 | 2.89 | | 4.16 |
| Net income (loss) per basic share of common stock | (\$.31) | | \$ 1.63 | (\$8.55) | | \$ 4.68 |

Net (loss) income per share amounts may not foot since each is calculated independently.

Continuing Operations

Revenues were lower for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter compared to the 2007 third quarter. The lower revenues were primarily due to lower advertising revenues at our newspaper division. The decline in revenues at our newspapers was attributed to lower local and classified advertising, including particularly weak real estate, employment and automotive classified advertising.

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Our total cost and expenses were lower for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter compared to the 2007 third quarter. This was primarily due to decreased employee compensation and benefits costs, and reductions in other costs and expenses.

In the second quarter of 2008, we recorded a \$779 million non-cash charge for the impairment of the goodwill of our newspaper business. SFAS 142, Goodwill and Other Intangible Assets (FAS 142), requires goodwill and other indefinite-lived assets to be tested for impairment annually and if an event or conditions change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses related to such losses. The first step is the estimation of the fair value of each of the reporting units, which is then compared to its carrying value. If the fair value is less than the carrying value of the reporting unit then an impairment of goodwill possibly exist. Step two is then performed to determine the amount of impairment.

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Due primarily to the continuing negative effects of the economy on our advertising revenues and those of other publishing companies, and the difference between our stock price following the spin-off of Scripps Networks Interactive (SNI) to shareholders and the per-share carrying value of our remaining net assets, we determined that indications of impairment existed as of June 30, 2008.

Under the two-step process required by SFAS 142, we made a determination of the fair value of our businesses. Fair values were determined using a combination of an income approach, which estimated fair value based upon future revenues, expenses and cash flows discounted to their present value, and a market approach, which estimated fair value using market multiples of various financial measures compared to a set of comparable public companies.

The valuation methodology and underlying financial information that are used to determine fair value require significant judgments to be made by management. These judgments include, but are not limited to, long-term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

We concluded the fair value of our newspaper businesses did not exceed the carrying value of our newspaper net assets as of June 30, 2008. Because of the timing and complexity of the calculations required under step two of the process, we had not yet completed that process at June 30, 2008. However, based upon our preliminary valuations, we recorded a \$779 million, non-cash charge in the three months ended June 30, 2008 to reduce the carrying value of goodwill. We also recorded a non-cash charge of \$95 million to reduce the carrying value of our investments in the Colorado JOA and newspaper partnerships to our share of the estimated fair value of their net assets. We completed our goodwill impairment analysis in the third quarter which resulted in no adjustment to the amount recorded in the second quarter. In the third quarter, based on the continued deterioration of the operating results of our Denver JOA newspaper partnership we determined that an additional \$ 24.9 million non-cash charge was required to further adjust the carrying value of our investment to fair value.

Interest expense was lower for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter compared to the 2007 third quarter. Interest expense includes interest incurred on our outstanding borrowings and deferred compensation and other employment agreements and is net of amounts capitalized for construction in progress. Interest incurred on our outstanding borrowings decreased in 2008 due to lower average debt levels as we repaid \$515 million of debt in 2008.

In the second quarter of 2008, we redeemed the remaining balances of our outstanding notes and recorded a \$26.4 million loss on the extinguishment of debt.

Investment results, reported in the caption Miscellaneous, net , include realized gains from the sale of certain investments in the second quarter of 2008 that totaled \$6.8 million.

The income tax provision for interim periods is determined by applying the expected effective income tax rate for the full year to year-to-date income before income tax. Tax provisions are separately provided for certain discrete transactions in interim periods. To determine the annual effective income tax rate for the full-year period, we must estimate both the total income before income tax for the full year and the jurisdictions in which that income is subject to tax.

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The write-down to the carrying value of Newspaper goodwill included \$103 million of goodwill that is not deductible for income taxes. During year to date period ended September 30, 2008, we also recorded a loss on the extinguishment of debt of \$26.4 million and incurred transaction costs related to the spin-off of our national lifestyle television networks and global interactive services businesses totaling \$31.6 million. A portion of the costs associated with these transactions are not expected to be deductible for income tax purposes.

In November 2008 we announced a plan to reduce our workforce in the Newspaper division by approximately 400 people. As a result we will record a non-cash charge of approximately \$5 million in the fourth quarter for separation related expenses.

Discontinued Operations - Discontinued operations includes the results of SNI, which was spun-off to our shareholders on July 1, 2008. In addition, discontinued operations includes the Cincinnati Post and Kentucky Post newspapers that participated in the Cincinnati JOA, the Shop At Home television network and the five Shop At Home-affiliated broadcast television stations (See Note 3 to the Condensed Consolidated Financial Statements). In accordance with the provisions of FAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the results of businesses held for sale or that have ceased operations are presented as discontinued operations.

We ceased publication of our Cincinnati Post and Kentucky Post newspapers effective with the termination of the Cincinnati JOA agreement on December 31, 2007. The Shop At Home television network was sold to Jewelry Television on June 21, 2006. The three Shop At Home-affiliated broadcast television stations located in San Francisco, CA, Canton, OH and Wilson, NC were sold on December 22, 2006 and the stations located in Lawrence, MA, and Bridgeport, CT were sold on April 24, 2007.

A tax benefit of \$3.4 million was recognized in 2007 related to differences that were identified between our prior year provision and tax returns for our Shop At Home businesses.

Table of Contents**Business Segment Results**

Information regarding the operating performance of our business segments determined in accordance with FAS 131 and a reconciliation of such information to the consolidated financial statements is as follows:

| <i>(in thousands)</i> | 2008 | Quarter Period Change | 2007 | 2008 | Year-to-date Change | 2007 |
|--|--------------------|--------------------------|-------------------|---------------------|------------------------|-------------------|
| Segment operating revenues: | | | | | | |
| Newspapers | \$ 131,103 | (17.1)% | \$ 158,221 | \$ 431,135 | (12.7)% | \$ 493,695 |
| JOAs and newspaper partnerships | 58 | (17.1)% | 70 | 172 | (2.3)% | 176 |
| Television | 76,919 | 5.0% | 73,278 | 233,458 | (0.4)% | 234,325 |
| Licensing and other media | 22,185 | 4.5% | 21,231 | 71,645 | 5.4% | 67,978 |
| Corporate | 13 | (95.7)% | 302 | 456 | (57.1)% | 1,064 |
| Total operating revenues | \$ 230,278 | (9.0)% | \$ 253,102 | \$ 736,866 | (7.6)% | \$ 797,238 |
| Segment profit (loss): | | | | | | |
| Newspapers | \$ 14,001 | (57.1)% | \$ 32,656 | \$ 58,625 | (40.5)% | \$ 98,603 |
| JOAs and newspaper partnerships | (3,051) | | 1,714 | (3,768) | (21.1)% | (4,774) |
| Television | 16,966 | 28.1% | 13,242 | 49,441 | (6.9)% | 53,117 |
| Licensing and other media | 1,547 | 19.2% | 1,298 | 6,088 | 5.0% | 5,797 |
| Corporate | (6,456) | (52.3)% | (13,542) | (35,455) | (22.3)% | (45,603) |
| Depreciation and amortization of intangibles | (12,153) | 7.3% | (11,330) | (34,758) | 4.4% | (33,299) |
| Write-down of newspaper goodwill | | | | (778,900) | | |
| Gains (losses) on disposal of PP&E | (17) | | (188) | 2,244 | | (256) |
| Interest expense | | | (8,856) | (10,999) | | (29,123) |
| Separation costs | (22,020) | | (257) | (31,629) | | (257) |
| Write-down of investments in newspaper partnerships | (24,908) | | | (119,908) | | |
| Loss on repurchases of debt | | | | (26,380) | | |
| Miscellaneous, net | (320) | | 12,042 | 7,776 | | 14,195 |
| Income (loss) from continuing operations before income taxes and minority interests | \$ (36,411) | | \$ 26,779 | \$ (917,623) | | \$ 58,400 |

Table of Contents**Newspapers**

We operate daily and community newspapers in 15 markets in the U.S. Our newspapers earn revenue primarily from the sale of advertising space to local and national advertisers and from the sale of newspapers to readers. Our newspapers operate in mid-size markets, focusing on news coverage within their local markets. Advertising and circulation revenues provide substantially all of each newspaper's operating revenues, and employee, distribution and newsprint costs are the primary expenses at each newspaper. The operating performance of our newspapers is most affected by economic conditions particularly within the retail, labor, housing and auto markets and newsprint prices.

Operating results for our newspaper business were as follows:

| <i>(in thousands)</i> | Quarter Period | | | Year-to-date | | |
|---------------------------------------|------------------|----------------|------------------|------------------|----------------|------------------|
| | 2008 | Change | 2007 | 2008 | Change | 2007 |
| Segment operating revenues: | | | | | | |
| Local | \$ 27,272 | (15.7)% | \$ 32,347 | \$ 91,975 | (12.1)% | \$ 104,644 |
| Classified | 33,573 | (28.0)% | 46,604 | 113,917 | (22.6)% | 147,143 |
| National | 5,923 | (30.6)% | 8,540 | 20,599 | (20.1)% | 25,793 |
| Online | 9,058 | (12.4)% | 10,337 | 28,799 | (6.8)% | 30,916 |
| Preprint and other | 24,820 | (9.9)% | 27,553 | 77,411 | (6.1)% | 82,447 |
| Newspaper advertising | 100,646 | (19.7)% | 125,381 | 332,701 | (14.9)% | 390,943 |
| Circulation | 26,576 | (7.6)% | 28,763 | 85,079 | (4.6)% | 89,220 |
| Other | 3,881 | (4.8)% | 4,077 | 13,355 | (1.3)% | 13,532 |
| Total operating revenues | 131,103 | (17.1)% | 158,221 | 431,135 | (12.7)% | 493,695 |
| Segment costs and expenses: | | | | | | |
| Employee compensation and benefits | 58,257 | (10.4)% | 65,031 | 188,410 | (8.2)% | 205,154 |
| Production and distribution | 35,464 | (3.6)% | 36,790 | 112,005 | (4.0)% | 116,623 |
| Other segment costs and expenses | 23,381 | (1.5)% | 23,744 | 72,095 | (1.7)% | 73,315 |
| Total costs and expenses | 117,102 | (6.7)% | 125,565 | 372,510 | (5.7)% | 395,092 |
| Contribution to segment profit | \$ 14,001 | (57.1)% | \$ 32,656 | \$ 58,625 | (40.5)% | \$ 98,603 |

Revenues

Print advertising revenues declined for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter. The decrease was primarily due to continued weakness in classified and local advertising in our newspaper markets particularly decreases in real estate, automotive and employment advertising.

Circulation revenues also declined for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter primarily reflecting lower circulation volumes for both daily and Sunday copies.

Online, preprint and other advertising reflect the development of new print and electronic products and services. Our Internet sites had advertising revenues of approximately \$9.1 million in the third quarter of 2008 and \$10.3 million in the comparable quarter of 2007. Year-to-date Internet advertising revenues were \$28.8 million in 2008 compared with \$30.9 million in 2007. The decline in online ad revenue is attributable to the weakness in print classified advertising, to which most of the online advertising is tied. Revenue from pure-play advertisers who only purchase ads on the company's newspaper Web sites rose 13.4 percent in the quarter and approximately 30% year-to-date.

We have pursued strategic partnerships to garner larger shares of local ad dollars that are spent online. Scripps was an initial member of a consortium of newspapers that joined Yahoo in a revenue-sharing partnership that increases newspapers' access to Web-focused marketing dollars. A similar relationship with zillow.com brings new online real estate ads to the company's newspapers. In addition to these and other potential partnerships, we also expect to continue expanding and enhancing our online services, through such features as streaming video and

audio, to deliver our news and information content.

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Other operating revenues, which represent revenue earned on ancillary services offered by our newspapers, remained essentially flat.

Operating costs and expenses

Employee compensation and benefits declined for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter. The reduction in employee compensation and benefits cost for the nine months ended September 30, 2008 as compared to the comparable 2007 period reflects the impact of voluntary separation offers that were accepted by 137 eligible employees in the second quarter of 2007, continued employee attrition in 2008 and the favorable impact of a \$3.0 million adjustment for self-insured health and disability claims. The reduction in the third quarter of 2008 as compared to the 2007 comparable quarter is due to continued attrition in employees and the favorable impact of a \$3.0 million adjustment to our reserve for self-insured health and disability claims.

Production and distribution costs declined for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter. Higher newsprint prices were offset by declines in newsprint usage.

Our other costs had a modest decline for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter.

Table of Contents**Joint Operating Agreement and Newspaper Partnerships**

The sales, production and business operations of the Denver newspapers are operated by the Denver Newspaper Agency, a limited liability partnership (the Denver JOA) under the terms of a joint operating agreement (JOA) which expires in 2051. The other publisher in the JOA is MediaNews Group, Inc. Each newspaper owns 50% of the Denver JOA and shares management of the combined newspaper operations. We receive a 50% share of the Denver JOA profits.

We have a 50% interest in a newspaper partnership with MediaNews Group, Inc. that operates certain of both companies newspapers in Colorado, including their editorial operations.

In the first quarter of 2008, we ceased publication of our Albuquerque Tribune newspaper. At that time we also reached an agreement with the Journal Publishing Company (JPC), the publisher of the Albuquerque Journal (Journal), to terminate the Albuquerque joint operating agreement between the Journal and our Albuquerque Tribune newspaper. Under an amended agreement with the JPC, we continue to own a 40% interest in the Albuquerque Publishing Company, G.P. (the Partnership). We pay JPC an annual amount equal to a portion of the editorial savings realized from ceasing publication of our newspaper. The Partnership will direct and manage the operations of the continuing Journal newspaper and we receive our share of the Partnership s profits.

Our share of the operating profit (loss) of our JOA and our newspaper partnerships is reported as Equity in earnings of JOAs and other joint ventures in our financial statements.

Operating results for our JOA and newspaper partnerships were as follows:

| <i>(in thousands)</i> | 2008 | Quarter Period Change | 2007 | 2008 | Year-to-date Change | 2007 |
|---|------------|--------------------------|----------|------------|------------------------|------------|
| Equity in earnings of JOAs and newspaper partnerships included in segment profit: | | | | | | |
| Denver | \$ 1,253 | (79.4)% | \$ 6,073 | \$ 9,476 | (7.3)% | \$ 10,226 |
| Albuquerque | 599 | (79.2)% | 2,886 | 3,453 | (53.2)% | 7,383 |
| Colorado | 175 | | (980) | 71 | | (581) |
| Other newspaper partnerships and joint ventures | | | | | | (323) |
| Total equity in earnings of JOAs | 2,027 | (74.6)% | 7,979 | 13,000 | (22.2)% | 16,705 |
| Operating revenues of JOAs and newspaper partnerships | 58 | (17.1)% | 70 | 172 | (2.3)% | 176 |
| Total | 2,085 | (74.1)% | 8,049 | 13,172 | (22.0)% | 16,881 |
| JOA editorial costs and expenses | 5,136 | (18.9)% | 6,335 | 16,940 | (21.8)% | 21,655 |
| Contribution to segment profit (loss) | \$ (3,051) | | \$ 1,714 | \$ (3,768) | | \$ (4,774) |

Our earnings in the Denver JOA have decreased in 2008 as compared to 2007 due the same economic factors affecting our owned and operated newspapers.

The consolidation of DNA s newspaper production facilities was completed in 2007. In the first quarter of 2008, DNA sold the production facility that was no longer being utilized in DNA s operations. The gain from this transaction increased our 2008 equity in earnings from JOAs \$4.4 million.

Table of Contents**Television**

Television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent station. Our television stations reach approximately 11% of the nation's television households. Our television stations earn revenue primarily from the sale of advertising time to local and national advertisers.

National television networks offer affiliates a variety of programs and sell the majority of advertising within those programs. We receive compensation from the network for carrying its programming. In addition to network programs, we broadcast locally produced programs, syndicated programs, sporting events, and other programs of interest in each station's market. News is the primary focus of our locally produced programming.

The operating performance of our television group is most affected by the health of the local economy, particularly conditions within the services, auto, retail, and telecommunications industries, and by the volume of advertising time purchased by campaigns for elective office and political issues. The demand for political advertising is significantly higher in even-numbered years, when congressional and presidential elections occur.

Operating results for television were as follows:

| <i>(in thousands)</i> | Quarter Period | | | Year-to-date | | |
|---|------------------|---------------|------------------|------------------|---------------|------------------|
| | 2008 | Change | 2007 | 2008 | Change | 2007 |
| Segment operating revenues: | | | | | | |
| Local | \$ 42,350 | (6.4)% | \$ 45,229 | \$ 138,519 | (6.4)% | \$ 147,967 |
| National | 19,539 | (14.6)% | 22,887 | 65,493 | (9.8)% | 72,595 |
| Political | 10,293 | | 694 | 14,968 | | 1,398 |
| Network compensation | 1,854 | 1.9% | 1,820 | 5,870 | 4.7% | 5,606 |
| Other | 2,883 | 8.9% | 2,648 | 8,608 | 27.4% | 6,759 |
| Total segment operating revenues | 76,919 | 5.0% | 73,278 | 233,458 | (0.4)% | 234,325 |
| Segment costs and expenses: | | | | | | |
| Employee compensation and benefits | 32,097 | 0.4% | 31,985 | 99,174 | 2.6% | 96,666 |
| Programs and program licenses | 11,957 | 0.7% | 11,873 | 34,931 | (1.9)% | 35,598 |
| Production and distribution | 4,111 | (1.9)% | 4,191 | 12,499 | (2.1)% | 12,762 |
| Other segment costs and expenses | 11,788 | (1.7)% | 11,987 | 37,413 | 3.4% | 36,182 |
| Total segment costs and expenses | 59,953 | (0.1)% | 60,036 | 184,017 | 1.6% | 181,208 |
| Segment profit | \$ 16,966 | 28.1% | \$ 13,242 | \$ 49,441 | (6.9)% | \$ 53,117 |

Revenues

Advertising revenues were flat for the nine months ended September 30, 2008 compared to the comparable 2007 period and increased for the 2008 third quarter as compared to the 2007 third quarter. Political advertising revenues were up compared to the prior period, but national and local revenues were down. National and local advertising were impacted due to weakness in the automotive and retail categories.

Overall advertising revenues increased in the third quarter of 2008 as compared to the comparable 2007 quarter. Political advertising increased in the 2008 quarter compared to 2007 which was offset by decreased local and national advertising. The overall decrease in local and national advertising was due to weakness in the automotive and retail categories. Generally political advertising increases during even-numbered years, when congressional and presidential elections occur.

Costs and expenses

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Essentially our costs and expenses remained flat for the nine months ended September 30, 2008 compared to the comparable 2007 period and for the 2008 third quarter as compared to the 2007 third quarter. They were positively impacted by a \$1.2 million adjustment to our reserve for self-insured health and disability claims.

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Table of Contents**LIQUIDITY AND CAPITAL RESOURCES**

Our primary source of liquidity is our cash flow from operating activities. Marketing services, including advertising and referral fees, provide approximately 80% of total operating revenues, so cash flow from operating activities is adversely affected during recessionary periods. Information about our use of cash flow from operating activities is presented in the following table:

| <i>(in thousands)</i> | Nine months ended September 30, | |
|---|--|-------------------|
| | 2008 | 2007 |
| Net cash provided by continuing operating activities | \$ 65,580 | \$ 138,912 |
| Net cash provided by discontinued operations | 263,353 | 278,158 |
| Dividends paid, including to minority interests | (53,981) | (65,892) |
| Employee stock option proceeds | 15,071 | 12,636 |
| Excess tax benefits on stock awards | 1,228 | 2,439 |
| Other financing activities | 3,934 | (2,166) |
| Cash flow available for acquisitions, investments, debt repayment and share repurchase | \$ 295,185 | \$ 364,087 |

Sources and uses of available cash flow:

| | | |
|---|-----------|-------------|
| Business acquisitions and net investment activity | \$ 50,327 | \$ (29,093) |
| Capital expenditures | (59,198) | (33,436) |
| Repurchase Class A Common shares | (17,125) | (57,500) |
| Bond redemption premium payment | (22,517) | |
| Increase (decrease) in long-term debt | (445,184) | (159,969) |

On April 24, 2007, we closed the sale for the two Shop At Home-affiliated stations located in Lawrence, MA, and Bridgeport, CT, which provided cash consideration of approximately \$61 million.

The scheduled \$40 million principal payment on our 3.75% notes was made in the first quarter of 2008. In the second and third quarters of 2007, we repurchased \$37.1 million principal amount of our 4.30% notes due in 2010 for \$35.8 million and repurchased \$14.6 million principal amount of our 5.75% note due in 2012 for \$14.5 million. In June 2008, we redeemed the remaining balance of the 4.25% notes, the 4.3% notes and the 5.75% notes prior to maturity resulting in a loss on extinguishment of \$26 million.

Our cash flow has been used primarily to fund acquisitions and investments, develop new businesses, repay debt, and make dividends to our shareholders.

We believe 2009 will be a challenging year, with broad economic uncertainty and advertising weakness projected to continue into next year, newsprint prices at historical highs, the relative lack of political advertising, and costs to complete the newspaper production facility that will serve the markets of Naples and Bonita Springs, Florida. Costs to complete the production facility are expected to total \$60 million to \$65 million. To improve the company's financial flexibility and to enable us to take advantage of potential opportunities during this period, we have suspended our quarterly dividend.

Under a share repurchase program that was approved by the Board of Directors October 28, 2004, we have been repurchasing our Class A Common shares over the course of the last three years to offset the dilution resulting from our share-based compensation programs. Shares were repurchased at a total cost of \$57.5 million for the year-to-date period of 2007. For 2008 we have repurchased shares at a total cost of \$17 million. The share repurchase program was completed in October 2008.

Credit is available under a Revolving Credit Agreement (Revolving Credit Agreement) expiring on June 30, 2013 with a total availability of \$200 million. Borrowings under the Revolver are available on a committed revolving credit basis at our choice of an adjusted rate based on LIBOR plus 0.625% to 1.5% or the higher of the prime or the Federal Funds rate plus 0.0% to 0.5 %.

The Revolving Credit Agreement includes certain affirmative and negative covenants including compliance with specified financial ratios, including maintenance of minimum interest coverage ratio and leverage ratio as defined in the agreement. We must maintain a minimum of a 3.0 to 1.0 interest coverage ratio of Consolidated EBITDA, as defined in the agreement, for the last four quarters to Consolidated interest expense for the same period. We must maintain a Leverage Ratio of less than 3.0 to 1.0 of Consolidated Total Debt divided by Consolidated EBITDA for the last four quarters. EBITDA is adjusted for unusual and non-recurring non-cash charges and non-cash compensation expenses arising from

share based equity awards in calculating both the Interest Coverage Ratio and the Leverage Ratio.

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Table of Contents**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Earnings and cash flow can be affected by, among other things, economic conditions, interest rate changes, foreign currency fluctuations and changes in the price of newsprint. We are also exposed to changes in the market value of our investments.

Our objectives in managing interest rate risk are to limit the impact of interest rate changes on our earnings and cash flows, and to reduce our overall borrowing costs. We manage interest rate risk primarily by maintaining a mix of fixed-rate and variable-rate debt.

Our primary exposure to foreign currencies is the exchange rates between the U.S. dollar and the Japanese yen and the Euro. Reported earnings and assets may be reduced in periods in which the U.S. dollar increases in value relative to those currencies.

We also may use forward contracts to reduce the risk of changes in the price of newsprint on anticipated newsprint purchases. We held no newsprint derivative financial instruments at September 30, 2008.

The following table presents additional information about market-risk-sensitive financial instruments:

(in thousands, except share data)

| | As of September 30, 2008 | | As of December 31, 2007 | |
|--|--------------------------|------------|-------------------------|------------|
| | Cost Basis | Fair Value | Cost Basis | Fair Value |
| Financial instruments subject to interest rate risk: | | | | |
| Variable-rate credit facilities | \$ 59,100 | \$ 59,100 | \$ 79,559 | \$ 79,559 |
| 3.75% notes due in 2008 | | | 39,950 | 39,913 |
| 4.25% notes due in 2009 | | | 86,091 | 84,950 |
| 4.30% notes due in 2010 | | | 112,840 | 110,592 |
| 5.75% notes due in 2012 | | | 184,922 | 185,366 |
| Other notes | 1,200 | 1,200 | 1,301 | 1,015 |
| Total long-term debt including current portion | \$ 60,300 | \$ 60,300 | \$ 504,663 | \$ 501,395 |

In October 2008, we entered into a 2 year \$30 million notional interest rate swap expiring in October 2010. Under this agreement we receive payments based on 3-month libor rate and make payments based on a fixed rate of 3.2%.

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CONTROLS AND PROCEDURES

Scripps management is responsible for establishing and maintaining adequate internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). The company s internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company s assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error, collusion and the improper overriding of controls by management. Accordingly, even effective internal control can only provide reasonable but not absolute assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) was evaluated as of the date of the financial statements. This evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective. There were no changes to the company s internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the company s internal control over financial reporting.

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THE E. W. SCRIPPS COMPANY

Index to Exhibits

| Exhibit No. | Item |
|--------------------|----------------------------|
| 31(a) | Section 302 Certifications |
| 31(b) | Section 302 Certifications |
| 32(a) | Section 906 Certifications |
| 32(b) | Section 906 Certifications |

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