

SCRIPPS E W CO /DE  
Form 10-Q  
August 09, 2011

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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 June 30, 2011**

**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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 July 29, 2011 there were 45,384,345 of the Registrant's Class A Common shares outstanding and 11,932,735 of the Registrant's Common Voting shares outstanding.



**INDEX TO THE E. W. SCRIPPS COMPANY  
REPORT ON FORM 10-Q FOR THE QUARTER ENDED June 30, 2011**

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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 and governmental proceedings primarily relating to renewal of broadcast licenses, 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, 2010.

**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 Common shares during the quarter ended June 30, 2011 and the remaining amount that may still be repurchased under the program:

Period	Total number of shares purchased	Weighted average price paid per share	Total market value of shares purchased	Maximum value that may yet be purchased under the plans or programs
4/1/11 - 4/30/11	285,727	\$ 9.41	\$ 2,687,749	\$ 65,688,236
5/1/11 - 5/31/11	623,092	\$ 9.17	\$ 5,711,474	\$ 59,976,762
6/1/11 - 6/30/11	969,227	\$ 8.53	\$ 8,271,391	\$ 51,705,371
Total	1,878,046	\$ 8.88	\$ 16,670,614	

We are authorized to repurchase up to \$75 million of our Class A Common Shares under a share repurchase program authorized by the board of directors in October 2010. The authorization expires December 31, 2012.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

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

**ITEM 4. (REMOVED AND RESERVED)****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: August 9, 2011

BY: /s/ Douglas F. Lyons  
Douglas F. Lyons  
Vice President and Controller  
(Principal Accounting Officer)

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**THE E. W. SCRIPPS COMPANY**  
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**Table of Contents****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

<i>(in thousands)</i>	As of June 30, 2011	As of December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 156,974	\$ 204,924
Restricted cash	10,010	2,500
Accounts and notes receivable (less allowances \$2,302 and \$2,789)	101,735	115,568
Inventory	6,951	7,859
Deferred income taxes	8,914	8,914
Income taxes receivable	30,359	14,596
Miscellaneous	9,436	8,218
<b>Total current assets</b>	<b>324,379</b>	<b>362,579</b>
Investments	12,080	10,652
Property, plant and equipment	371,216	389,650
Intangible assets	22,473	23,107
Deferred income taxes	25,618	30,844
Miscellaneous	12,907	10,710
<b>TOTAL ASSETS</b>	<b>\$ 768,673</b>	<b>\$ 827,542</b>

*See notes to condensed consolidated financial statements.*

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

<i>(in thousands, except share data)</i>	As of June 30, 2011	As of December 31, 2010
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 18,515	\$ 34,091
Customer deposits and unearned revenue	26,101	26,072
Accrued liabilities:		
Employee compensation and benefits	27,932	36,981
Income taxes payable		7,310
Miscellaneous	24,642	25,528
Other current liabilities	9,908	8,502
<b>Total current liabilities</b>	<b>107,098</b>	<b>138,484</b>
Other liabilities (less current portion)	98,606	97,526
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: 45,849,103 and 46,403,887 shares	458	464
Voting authorized: 60,000,000 shares; issued and outstanding: 11,932,735 and 11,932,735 shares	119	119
Total	577	583
Additional paid-in capital	539,856	558,225
Retained earnings	100,535	111,641
Accumulated other comprehensive loss, net of income taxes:		
Pension liability adjustments	(80,629)	(81,547)
Total The E.W. Scripps Company shareholders equity	560,339	588,902
Noncontrolling interest	2,630	2,630
Total equity	562,969	591,532
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 768,673</b>	<b>\$ 827,542</b>

*See notes to condensed consolidated financial statements.*

**Table of Contents****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

<i>(in thousands, except per share data)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010	2011	2010
<b>Operating Revenues:</b>				
Advertising	\$ 138,748	\$ 144,258	\$ 271,403	\$ 282,574
Circulation	29,734	29,698	61,291	61,842
Other	14,552	14,829	30,698	28,649
Total operating revenues	183,034	188,785	363,392	373,065
<b>Costs and Expenses:</b>				
Employee compensation and benefits	85,266	85,688	176,873	172,453
Programs and program licenses	15,519	15,149	30,995	29,573
Newsprint and press supplies	12,438	11,338	25,379	23,316
Other expenses	59,974	58,079	118,257	114,726
Restructuring costs	1,822	3,720	3,915	7,063
Total costs and expenses	175,019	173,974	355,419	347,131
<b>Depreciation, Amortization, and (Gains) Losses:</b>				
Depreciation	9,712	11,215	19,816	22,496
Amortization of intangible assets	317	362	633	700
(Gains) losses, net on disposal of property, plant and equipment	205	22	242	735
Net depreciation, amortization and losses	10,234	11,599	20,691	23,931
Operating income (loss)	(2,219)	3,212	(12,718)	2,003
Interest expense	(412)	(845)	(805)	(1,693)
Miscellaneous, net	(43)	1,298	(732)	911
Income (loss) from continuing operations before income taxes	(2,674)	3,665	(14,255)	1,221
Provision (benefit) for income taxes	(462)	1,817	(3,148)	1,438
Income (loss) from continuing operations, net of tax	(2,212)	1,848	(11,107)	(217)
Income from discontinued operations, net of tax		97,659		98,844

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Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$	(2,212)	\$	99,507	\$	(11,107)	\$	98,627
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Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:

Income (loss) from continuing operations	\$	(.04)	\$	.03	\$	(.19)	\$	.00
Income from discontinued operations		.00		1.53		.00		1.55

Net income (loss) per basic share of common stock	\$	(.04)	\$	1.56	\$	(.19)	\$	1.54
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Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:

Income (loss) from continuing operations	\$	(.04)	\$	.03	\$	(.19)	\$	.00
Income from discontinued operations		.00		1.52		.00		1.55

Net income (loss) per diluted share of common stock	\$	(.04)	\$	1.55	\$	(.19)	\$	1.54
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*See notes to condensed consolidated financial statements.*

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

**Table of Contents****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

<i>(in thousands)</i>	Six months ended June 30,	
	2011	2010
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ (11,107)	\$ 98,627
Income from discontinued operations		(98,844)
Loss from continuing operations	(11,107)	(217)
Adjustments to reconcile loss from continuing operations to net cash flows from operating activities:		
Depreciation and amortization	20,449	23,196
Losses on sale of property, plant and equipment	242	735
Deferred income taxes	4,677	17,290
Excess tax benefits of share-based compensation plans	(6,021)	(8,783)
Stock and deferred compensation plans	5,751	5,203
Pension expense, net of payments	1,442	(62,651)
Other changes in certain working capital accounts, net	(29,536)	10,232
Miscellaneous, net	2,112	1,465
Net cash used in continuing operating activities	(11,991)	(13,530)
Net cash provided by discontinued operating activities		2,754
Net operating activities	(11,991)	(10,776)
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(4,544)	(7,265)
Increase in short-term investments		(5,181)
Proceeds from sale of long-term investments	2,650	
Purchase of investments	(1,624)	(23)
Proceeds from sale of property, plant and equipment	513	505
Changes in restricted cash	(7,510)	
Purchase of intangible assets		(850)
Net cash used in continuing investing activities	(10,515)	(12,814)
Net cash provided by discontinued investing activities		162,960
Net investing activities	(10,515)	150,146
<b>Cash Flows from Financing Activities:</b>		
Net payments on variable rate credit facility		(34,900)
Repurchase of Class A Common shares	(23,295)	
Dividends paid to noncontrolling interest		(623)
Proceeds from exercise of stock options	1,670	4,568

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Tax payments related to shares withheld for vested stock and RSUs	(9,368)	(9,866)
Excess tax benefits from share-based compensation plans	6,021	8,783
Miscellaneous, net	(472)	2,208
Net cash used in continuing financing activities	(25,444)	(29,830)
Change in cash – discontinued operations		5,229
Increase (decrease) in cash and cash equivalents	(47,950)	114,769
Cash and cash equivalents:		
Beginning of period	204,924	7,681
End of period	\$ 156,974	\$ 122,450
<b>Supplemental Cash Flow Disclosures</b>		
Income taxes paid	\$ 7,995	\$ 1,711

*See notes to condensed consolidated financial statements.*

**Table of Contents****CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)**

<i>(in thousands, except share data)</i>	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
As of December 31, 2009	\$ 546	\$ 531,754	\$ (10,946)	\$ (91,459)	\$ 3,356	\$ 433,251
Net income			98,627			98,627
Dividends paid to noncontrolling interests					(623)	(623)
Changes in defined pension plans				1,437		1,437
Currency translation adjustment				(590)		(590)
Excess tax benefits of compensation plans		14,953				14,953
Compensation plans: 2,815,611 net shares issued*	29	343				372
As of June 30, 2010	\$ 575	\$ 547,050	\$ 87,681	\$ (90,612)	\$ 2,733	\$ 547,427
As of December 31, 2010	\$ 583	\$ 558,225	\$ 111,641	\$ (81,547)	\$ 2,630	\$ 591,532
Net loss			(11,107)			(11,107)
Repurchase 2,591,464 Class A Common Shares	(26)	(23,269)				(23,295)
Changes in defined pension plans				918		918
Excess tax benefits of compensation plans		6,900				6,900
Compensation plans: 2,036,680 net shares issued*	20	(2,000)	1			(1,979)
As of June 30, 2011	\$ 577	\$ 539,856	\$ 100,535	\$ (80,629)	\$ 2,630	\$ 562,969

\* Net of \$9,368 in 2011 and \$9,866 in 2010 of tax payments related to shares withheld for vested stock and RSUs. See notes to condensed consolidated financial statements.

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**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As used in the Notes to Consolidated Financial Statements, 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.

**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 2010 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 television and newspaper publishing. All of our media businesses provide content and advertising services via the Internet. Our media businesses are organized into the following reportable business segments: Television, Newspapers and Syndication and other. Additional information for our business segments is presented in Note 12.

**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 periods over which long-lived assets are depreciated or amortized; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; 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.

**Revenue Recognition** We recognize revenue 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, we allocate revenue 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 we recognize any associated deferred revenues. We report revenue net of sales and other taxes collected from our customers.

Our primary sources of revenue are from the sale of print, broadcast and Internet advertising and the sale of newspapers.

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, 2010.

**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, 2010. The Plan provides for the award of incentive and nonqualified share options, share appreciation rights, restricted and unrestricted Class A Common shares and restricted share units, and performance units to key employees and non-employee directors.

Share-based compensation costs for continuing operations totaled \$2.1 million and \$3.0 million for the second quarter of 2011 and 2010, respectively. Year-to-date share-based compensation for continuing operations was \$5.6 million in both 2011 and 2010.





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**Earnings Per Share ( EPS )** Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock and restricted share units (RSUs), are considered participating securities for purposes of calculating EPS. Under the two-class method, we allocate a portion of net income to these participating securities and therefore exclude that income from the calculation of EPS allocated to common stock. We do not allocate losses to the participating securities.

The following table presents information about basic and diluted weighted-average shares:

<i>(in thousands)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010	2011	2010
<b>Numerator</b> (for basic earnings per share)				
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ (2,212)	\$ 99,507	\$ (11,107)	\$ 98,627
Less income allocated to unvested restricted stock and RSUs		(10,672)		(12,154)
Numerator for basic earnings per share	\$ (2,212)	\$ 88,835	\$ (11,107)	\$ 86,473
<b>Denominator</b>				
Basic weighted-average shares outstanding	58,707	57,001	58,698	56,044
Effect of dilutive securities:				
Stock options held by employees and directors		212		
Diluted weighted-average shares outstanding	58,707	57,213	58,698	56,044
Anti-dilutive securities <sup>(1)</sup>	14,332	8,925	14,332	17,911

<sup>(1)</sup> Amount outstanding at Balance Sheet date, before application of the treasury stock method and not weighted for period outstanding.

For the quarter ended and the year-to-date period ended June 30, 2011, we incurred a net loss and the inclusion of unvested stock, RSUs and stock options held by employees and directors would have been anti-dilutive and accordingly the diluted EPS calculation for the period excludes those common share equivalents.

## **2. ACCOUNTING CHANGES AND RECENTLY ISSUED ACCOUNTING STANDARDS**

**Accounting Changes** In October 2009, the FASB issued amendments to the accounting and disclosure for revenue recognition. These amendments, which were effective for us on January 1, 2011, modified the criteria for recognizing revenue in multiple element arrangements and the scope of what constitutes a non-software deliverable. The adoption of this standard did not have a material impact on our financial condition or results of operations.

**Recently Issued Accounting Standards** In May 2011, the FASB issued amendments to disclosure requirements for common fair value measurement. These amendments, effective for the interim and annual periods beginning on or after December 15, 2011 (early adoption is prohibited), result in common definition of fair value and common requirements for measurement of and disclosure requirements between U.S. GAAP and IFRS. Consequently, the amendments change some fair value measurement principles and disclosure requirements. The implementation of this amended accounting guidance is not expected to have a material impact on our consolidated financial position and results of operations.

In June 2011, the FASB issued amendments to disclosure requirements for presentation of comprehensive income. This guidance, effective retrospectively for the interim and annual periods beginning on or after December 15, 2011 (early adoption is permitted), requires presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The implementation of this amended accounting guidance is not expected to have a material impact on our consolidated financial position and results of operations.

**3. DISCONTINUED OPERATIONS**

On June 3, 2010, the Company and its wholly owned subsidiary, United Feature Syndicate, Inc. ( UFS ) completed the sale of its character licensing business United Media Licensing ( UML ) to Iconix Brand Group. The sale also included certain intellectual property including the rights to syndicate the Peanuts and Dilbert comic strips. The aggregate cash sale price was \$175 million resulting in a pre-tax gain of \$162 million in the second quarter of 2010. The results of operations of UML and the gain on sale are presented as discontinued operations in our financial statements for all periods.

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In connection with the sale, Iconix assumed UFS's real estate lease, which expires in February 2016. We were not released from our obligations as guarantor of that lease by the lessor. Total remaining lease payments at June 30, 2011, are approximately \$7.4 million. We believe that the likelihood of incurring future costs for this guarantee to be remote, and therefore we have not recorded a related liability.

Operating results of our discontinued operations were as follows:

<i>(in thousands)</i>	Three months ended June 30, 2011	Six months ended June 30, 2011
Operating revenues	\$ 13,244	\$ 27,979
Income from discontinued operations:		
Gain on sale of Licensing, before tax	\$ 162,001	\$ 162,001
Income from Licensing, before tax	1,822	4,000
Income tax expense	(66,164)	(67,157)
Income from discontinued operations, net of tax	\$ 97,659	\$ 98,844

**4. INCOME TAXES**

We file a consolidated federal income tax return, consolidated unitary tax 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 (loss) 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 (loss) before income tax for the full year and the jurisdictions in which we expect that income will be taxed. The effective income tax rate for the six months ended June 30, 2011, was 22.1%. The primary difference between this rate and the U.S. Federal statutory rate of 35% is the impact of state taxes and non-deductible expenses.

The effective income tax rate of the six months ended June 30, 2010, was 118%. The primary difference between this rate and the U.S. Federal statutory rate of 35% is the impact of state taxes, and the accrual of taxes and interest on uncertain tax positions and non-deductible expenses.

At June 30, 2011, we had net deferred tax assets of \$35 million. Substantially all of our deferred tax assets reverse in 2011 and 2012. We can use any tax losses resulting from the deferred tax assets reversing in 2011 or 2012 to claim refunds of taxes paid in prior years. Management believes that it is more likely than not that we will realize the benefits of our Federal deferred tax assets and therefore has not recorded a valuation allowance for them. If current economic conditions persist or worsen, future estimates of taxable income could be lower than our current estimates, which may require valuation allowances to be recorded in future reporting periods.

State carryforwards are recognized as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included as a valuation allowance.



**Table of Contents****5. RESTRICTED CASH**

At June 30, 2011 and December 31, 2010, we had \$10.0 million and \$2.5 million, respectively in a restricted cash account on deposit with our insurance carrier. The restricted cash serves as collateral, in place of an irrevocable stand-by letter of credit, to provide financial assurance that we will fulfill our obligations with respect to cash requirements associated with workers compensation self-insurance. This cash is to remain on deposit with the carrier until all claims have been paid or we provide a letter of credit in lieu of the cash deposit.

**6. INTANGIBLE ASSETS**

Intangible assets consisted of the following:

<i>(in thousands)</i>	As of June 30, 2011	As of December 31, 2010
Intangible assets:		
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	\$ 5,641	\$ 5,641
Customer lists	12,469	12,469
Other	6,942	6,942
Total carrying amount	25,052	25,052
Accumulated amortization:		
Television network affiliation relationships	(2,048)	(1,925)
Customer lists	(9,065)	(8,657)
Other	(4,661)	(4,558)
Total accumulated amortization	(15,774)	(15,140)
Net amortizable intangible assets	9,278	9,912
Indefinite-lived intangible assets FCC licenses	13,195	13,195
Total intangible assets	\$ 22,473	\$ 23,107

Estimated amortization expense of intangible assets for each of the next five years is \$0.6 million for the remainder of 2011, \$1.0 million in 2012, \$0.9 million in 2013, \$0.7 million in 2014, \$0.7 million in 2015, \$0.6 million in 2016 and \$4.8 million in later years.

**7. LONG-TERM DEBT**

We have a Revolving Credit Agreement ( Agreement ), which expires June 30, 2013. The maximum amount of availability under the facility is \$100 million. Borrowings under the Agreement are limited to a borrowing base, as follows:

- a) 100% of cash maintained in a blocked account (up to \$20 million),

- b) 85% of eligible accounts receivable,
- c) 40% of eligible newsprint inventory, and
- d) 50% of the fair market value of eligible real property (limited to \$25 million).

At June 30, 2011, no amounts were outstanding under the credit agreement and we had borrowing capacity of \$90 million.

Under the terms of the Agreement we granted the lenders mortgages on certain of our real property, pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property, including cash, accounts receivables, inventories and equipment. If at any time, the amount of excess availability (defined as the amount by which the borrowing base exceeds the aggregate borrowings and letters of credit under the Agreement) is equal to or less than \$30 million, we must then maintain a fixed charge coverage ratio (as defined therein) of at least 1.1 to 1.0.

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The Agreement allows us to make acquisitions or return capital of up to \$150 million, respectively, over the remaining term of the Credit Facility, up to a maximum aggregate of \$200 million.

Borrowings under the Agreement bear interest at variable interest rates based on either LIBOR or a base rate, in either case plus an applicable margin that varies depending upon average excess availability. The margin for LIBOR based loans ranges from 2.75% to 3.25% per annum. The margin for base rate loans ranges from 1.75% to 2.25% per annum. The weighted-average interest rate on borrowings under the credit facility was 3.0% at June 30, 2011 and December 31, 2010. Commitment fees of 0.50% per annum of the total unused commitment are payable under the credit facility.

As of June 30, 2011, and December 31, 2010, we had outstanding letters of credit totaling \$1.1 million and \$10.4 million, respectively.

In October 2008, we entered into a 2-year \$30 million notional interest rate swap which expired in October 2010. Under this agreement we received payments based on the 3-month LIBOR and made payments based on a fixed rate of 3.2%. This swap was not designated as a hedge in accordance with generally accepted accounting principles and changes in fair value were recorded in miscellaneous-net with a corresponding adjustment to other long-term liabilities. For the six-months ended June 30, 2010, a \$0.4 million gain was recorded in miscellaneous, net.

**8. OTHER LIABILITIES**

Other liabilities consisted of the following:

<i>(in thousands)</i>	As of June 30, 2011	As of December 31, 2010
Employee compensation and benefits	\$ 15,548	\$ 16,011
Liability for pension benefits	46,109	46,135
Liabilities for uncertain tax positions	16,606	16,205
Other	20,343	19,175
Other liabilities (less current portion)	\$ 98,606	\$ 97,526

**9. NONCONTROLLING INTERESTS**

Individuals and other entities own a 4% noncontrolling interest in the capital stock of the subsidiary company that publishes our Memphis newspaper and a 6% noncontrolling interest in the capital stock of the subsidiary company that publishes our Evansville newspaper. We are not required to redeem the noncontrolling interests in these subsidiary companies.

A summary of the components of net income (loss) attributable to The E.W. Scripps Company shareholders is as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net income (loss) attributable to The E.W. Scripps Company shareholders:				
Income (loss) from continuing operations, net of tax	\$ (2,212)	\$ 1,848	\$ (11,107)	\$ (217)
Income from discontinued operations, net of tax		97,659		98,844
Net income (loss)	\$ (2,212)	\$ 99,507	\$ (11,107)	\$ 98,627





**Table of Contents****10. SUPPLEMENTAL CASH FLOW INFORMATION**

The following table presents additional information about the change in certain working capital accounts:

<i>(in thousands)</i>	Six months ended	
	2011	June 30, 2010
Other changes in certain working capital accounts, net:		
Accounts receivable	\$ 11,183	\$ 12,380
Inventory	908	(559)
Income taxes receivable/payable net	(23,073)	(21,505)
Accounts payable	(15,576)	6,108
Customer deposits and unearned revenue	29	(1,606)
Accrued employee compensation and benefits	(9,049)	3,999
Other, net	6,042	11,415
Total	\$ (29,536)	\$ 10,232

**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. Effective June 30, 2009, we froze the accrual of benefits under defined benefit pension plans and SERP that cover the majority of our employees.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees' voluntary contributions to this plan. We suspended our matching contributions in the second quarter of 2009. Our matching contributions were reinstated in July 2010.

Other union-represented employees are covered by defined benefit pension plans jointly sponsored by us and the union, or by union-sponsored multi-employer plans.

The components of the benefit plans expense consisted of the following:

<i>(in thousands)</i>	Three months ended		Six months ended	
	2011	June 30, 2010	2011	June 30, 2010
Service cost	\$ 12	\$ 153	\$ 24	\$ 306
Interest cost	6,369	6,368	12,738	12,736
Expected return on plan assets, net of expenses	(5,752)	(6,039)	(11,504)	(12,078)
Amortization of prior service cost		5	1	10
Amortization of actuarial loss	672	1,057	1,344	2,114
Curtailement loss		50		50
Total for defined benefit plans	1,301	1,594	2,603	3,138
Multi-employer plans	126	85	233	339
SERP	270	279	540	559
Defined contribution plans	2,199		4,745	

Net periodic benefit cost		3,896		1,958		8,121		4,036	
Allocated to discontinued operations				48				(103)	
Net periodic benefit cost	continuing operations	\$	3,896	\$	2,006	\$	8,121	\$	3,933

We contributed \$1.7 million to fund current benefit payments for our SERP during the first six months of 2011. We anticipate contributing an additional \$1.7 million to fund the SERP s benefit payments during the remainder of 2011. No contributions were made to our defined benefit plans during the first six months of 2011.

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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.

Television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent station. Our television stations reach approximately 10% of the nation's television households. Television stations earn revenue primarily from the sale of advertising to local and national advertisers.

Our newspaper business segment includes daily and community newspapers in 13 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.

Syndication and other media primarily include syndication of news features and comics and other features for the newspaper industry.

We allocate a portion of certain corporate costs and expenses, including information technology, pensions and other employee benefits, and other shared services, to our business segments. The allocations are generally amounts agreed upon by management, which may differ from an arms-length amount. 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 evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure called segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) 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 June 30,		Six months ended June 30,	
	2011	2010	2011	2010
<b>Segment operating revenues:</b>				
Television	\$ 77,042	\$ 74,810	\$ 145,994	\$ 141,649
Newspapers	101,960	107,988	208,132	220,600
Syndication and other	4,032	5,987	9,266	10,816
Total operating revenues	\$ 183,034	\$ 188,785	\$ 363,392	\$ 373,065
<b>Segment profit (loss):</b>				
Television	\$ 13,530	\$ 13,309	\$ 19,854	\$ 19,953
Newspapers	4,877	14,561	10,277	31,130
Syndication and other	(1,448)	(192)	(1,883)	(1,299)
Corporate and shared services	(7,122)	(9,147)	(16,360)	(16,787)
Depreciation and amortization	(10,029)	(11,577)	(20,449)	(23,196)
Gains (losses), net on disposal of property, plant and equipment	(205)	(22)	(242)	(735)
Interest expense	(412)	(845)	(805)	(1,693)
Restructuring costs	(1,822)	(3,720)	(3,915)	(7,063)
Miscellaneous, net	(43)	1,298	(732)	911
Income (loss) from continuing operations before income taxes	\$ (2,674)	\$ 3,665	\$ (14,255)	\$ 1,221
<b>Depreciation:</b>				
Television	\$ 3,967	\$ 4,554	\$ 8,176	\$ 8,707
Newspapers	5,398	6,366	10,881	13,152
Syndication and other	58	133	113	285
Corporate and shared services	289	162	646	352
Total depreciation	\$ 9,712	\$ 11,215	\$ 19,816	\$ 22,496
<b>Amortization of intangibles:</b>				
Television	\$ 80	\$ 104	\$ 158	\$ 187
Newspapers	237	258	475	513
Total amortization of intangibles	\$ 317	\$ 362	\$ 633	\$ 700
<b>Additions to property, plant and equipment:</b>				
Television	\$ 2,577	\$ 1,286	\$ 3,503	\$ 3,120
Newspapers	402	124	762	664
Syndication and other	295	10	295	121

Corporate and shared services				41	290			
Total additions to property, plant and equipment	\$	3,274	\$	1,420	\$	4,601	\$	4,195

No single customer provides more than 10% of our revenue.

### 13. COMPREHENSIVE INCOME (LOSS)

<i>(in thousands)</i>	Three months ended		Six months ended					
	June 30,		June 30,					
	2011	2010	2011	2010				
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$	(2,212)	\$	99,507	\$	(11,107)	\$	98,627
Changes in defined pension plans, net of tax of \$551 and \$419		460		734		918		1,437
Currency translation adjustment, net of tax of \$0 and \$0				(590)				(590)
Total comprehensive income (loss)	\$	(1,752)	\$	99,651	\$	(10,189)	\$	99,474

### 14. CAPITAL STOCK

Under a share repurchase program authorized by the board of directors in October 2010, we can repurchase up to \$75 million of our Class A Common Shares. A total of \$23 million of shares have been repurchased in the year to date period ended June 30, 2011, at prices ranging from \$8.12 to \$9.70 per share. The balance remaining pursuant to the authorization is \$52 million. We are under no obligation to repurchase any particular amount of common shares under the program. The authorization expires December 31, 2012.

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**15. SPIN-OFF OF SCRIPPS NETWORKS INTERACTIVE, INC.**

On July 1, 2008, we distributed all of the shares of Scripps Networks Interactive, Inc. ( SNI ) to shareholders of record as of the close of business on June 16, 2008. SNI owned and operated our national lifestyle cable television networks and interactive media businesses.

SNI reimbursed us \$6 million in the first half of 2010 for its share of estimated taxes prior to the spin-off under the Tax Allocation Agreement.

At June 30, 2011 and December 31, 2010, we owed SNI \$7.5 million for its share of tax refund claims for prior years. The amounts will be paid to SNI when the tax refunds to which they relate are received from the tax authorities.

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

The E. W. Scripps Company ( Scripps ) is a diverse media company with interests in television stations and newspaper publishing. The company's portfolio of media properties includes: 10 television stations, including six ABC-affiliated stations, three NBC affiliates and one independent station: daily and community newspapers in 13 markets and the Washington-based Scripps Media Center, home to the Scripps Howard News Service.

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**

Certain forward-looking statements related to our businesses are included in this discussion. Those forward-looking statements reflect 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, intend and similar expressions identify forward-looking statements. You should evaluate our forward-looking statements, which are as of the date of this filing, with the understanding of their inherent uncertainty. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date the statement is made.

**Executive Overview**

We continue to invest in our strategic initiatives, including employee leadership and training programs, additional sales resources, marketing and research, and investment in infrastructure and development of our digital businesses. Operating expenses to support these initiatives totaled approximately \$3 million in the first half of 2011.

In the first half of 2011, we repurchased \$23 million of shares under the share repurchase program authorized by the board of directors in 2010.

In the first quarter of 2011, we entered into a five year agreement with Universal Uclick ( Universal ) to provide syndication services for the news features and comics of United Media. Universal will provide editorial and production services, sales and marketing, sales support and customer service, and distribution and fulfillment for all the news features and comics of United Media. Under the terms of the agreement Scripps will receive a fixed fee from Universal and will continue to own certain copyrights and control the licenses for those properties, and will manage the business relationships with the creative talent that produces those comics and features. The transition of the services was completed in June 2011.

Also in the first quarter of 2011, we entered into agreements with Raycom Media, Inc. to produce news and provide services involving technical, promotional and online operations and certain local programming for WFLX, Raycom's West Palm Beach, Florida, Fox-affiliated television station. Raycom will continue to program the station and conduct all advertising sales. Scripps will receive a minimum annual fee for its news content and the services provided and may receive additional incentive payments.

Our efforts to restructure our television and newspaper operations continue. We have invested in technology to automate our television station newsrooms and are installing common advertising, circulation and editorial systems in our newspapers. We are standardizing processes within our operating divisions and are centralizing or outsourcing processes that do not require a significant presence in the local market. Costs related to these efforts totaled \$3.9 million in the six months ended June 30, 2011. The restructuring program and installation of common newspaper systems is expected to continue through 2012.



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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 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, 2010. 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.

**Consolidated Results of Operations**

Consolidated results of operations were as follows:

<i>(in thousands, except per share data)</i>	Quarter Period			Year-to-date		
	2011	Change	2010	2011	Change	2010
Operating revenues	\$ 183,034	(3.0)%	\$ 188,785	\$ 363,392	(2.6)%	\$ 373,065
Employee compensation and benefits	(85,266)	(0.5)%	(85,688)	(176,873)	2.6%	(172,453)
Programs and program licenses	(15,519)	2.4%	(15,149)	(30,995)	4.8%	(29,573)
Newsprint and press supplies	(12,438)	9.7%	(11,338)	(25,379)	8.8%	(23,316)
Other expenses	(59,974)	3.3%	(58,079)	(118,257)	3.1%	(114,726)
Restructuring costs	(1,822)	(51.0)%	(3,720)	(3,915)	(44.6)%	(7,063)
Depreciation and amortization	(10,029)	(13.4)%	(11,577)	(20,449)	(11.8)%	(23,196)
Gains (losses), net on disposal of property, plant and equipment	(205)		(22)	(242)		(735)
Operating income (loss)	(2,219)		3,212	(12,718)		2,003
Interest expense	(412)		(845)	(805)		(1,693)
Miscellaneous, net	(43)		1,298	(732)		911
Income (loss) from continuing operations before income taxes	(2,674)		3,665	(14,255)		1,221
Benefit (provision) for income taxes	462		(1,817)	3,148		(1,438)
Income (loss) from continuing operations	(2,212)		1,848	(11,107)		(217)
Income from discontinued operations, net of tax			97,659			98,844
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ (2,212)		\$ 99,507	\$ (11,107)		\$ 98,627
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:						
Income (loss) from continuing operations	\$ (.04)		\$ .03	\$ (.19)		\$ .00
Income from discontinued operations	.00		1.53	.00		1.55

Net income (loss) per basic share of common stock	\$	(.04)	\$	1.56	\$	(.19)	\$	1.54
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*Net income (loss) per share amounts may not foot since each is calculated independently.*

**Continuing Operations**

Operating revenues decreased as continued weakness in newspaper print advertising more than offset the positive results in local television advertising, increased revenues from our digital initiatives, higher television retransmission rights fees and fees from our news and television service agreement with WFLX.

Employee compensation and benefits increased in the 2011 year-to-date period. They were substantially unchanged in the second quarter of 2011 compared to the 2010 second quarter. The primary factors affecting employee compensation and benefits for the periods are:

The restoration of employer matching contributions to our defined contribution plan in the third quarter of 2010,

Supplemental retirement plan contributions to employees nearing retirement age associated with freezing the accrual of benefits under our defined benefit pension plan in 2009 were instituted in the first quarter of 2011,

An increase in non-forfeitable contributions made in the first quarter of 2011 to employee health savings accounts due to greater enrollment in those plans. Contributions made to employee accounts are generally made in January,

A decrease in the accrual for employee bonuses under our annual incentive plan. We began accruing 2010 performance bonuses in the second quarter of 2010, but have made no accruals for 2011 incentives.

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Expenses for programs and program licenses increased in 2011 year-to-date and second quarter periods primarily due to network affiliation fees we now pay under new network affiliation agreements with ABC and NBC.

Newsprint and press supplies increased by \$2.1 million in the 2011 year-to-date period primarily due to increased newsprint costs. The increase in newsprint costs was due to a 14% increase in newsprint prices which was partially offset by a 0.8% decrease in consumption. Newsprint and press supplies increased by \$1.1 million in the 2011 quarter primarily due to increased newsprint costs. The increase in newsprint costs was due to a 9.6% increase in newsprint prices and a 1.6% increase in consumption.

Other expenses increased in the year-to-date and second quarter periods primarily due to higher newspaper distribution costs and increases in promotional spending.

The effective income tax rate was 22.1% and 118% for 2011 and 2010, respectively. 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. The primary difference between this rate and the U.S. Federal statutory rate of 35% is the impact of state taxes, and changes in uncertain tax positions (including interest) and non-deductible expenses.

**Discontinued Operations** - Discontinued operations includes the results of UM Licensing and the gain on sale, which was sold in the second quarter of 2010.

**Business Segment Results**

Information regarding the operating performance of our business segments and a reconciliation of such information to the consolidated financial statements is as follows:

<i>(in thousands)</i>	2011	Quarter Period Change	2010	2011	Year-to-date Change	2010
Segment operating revenues:						
Television	\$ 77,042	3.0%	\$ 74,810	\$ 145,994	3.1%	\$ 141,649
Newspapers	101,960	(5.6)%	107,988	208,132	(5.7)%	220,600
Syndication and other	4,032	(32.7)%	5,987	9,266	(14.3)%	10,816
<b>Total operating revenues</b>	<b>\$ 183,034</b>	<b>(3.0)%</b>	<b>\$ 188,785</b>	<b>\$ 363,392</b>	<b>(2.6)%</b>	<b>\$ 373,065</b>
Segment profit (loss):						
Television	\$ 13,530		\$ 13,309	\$ 19,854		\$ 19,953
Newspapers	4,877		14,561	10,277		31,130
Syndication and other	(1,448)		(192)	(1,883)		(1,299)
Corporate and shared services	(7,122)		(9,147)	(16,360)		(16,787)
Depreciation and amortization	(10,029)		(11,577)	(20,449)		(23,196)
Gains (losses), net on disposal of property, plant and equipment	(205)		(22)	(242)		(735)
Interest expense	(412)		(845)	(805)		(1,693)
Restructuring costs	(1,822)		(3,720)	(3,915)		(7,063)
Miscellaneous, net	(43)		1,298	(732)		911
	\$ (2,674)		\$ 3,665	\$ (14,255)		\$ 1,221

Income (loss) from continuing  
operations before income  
taxes

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**Table of Contents****Television**

Television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent station. Our television stations reach approximately 10% of the nation's 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. In the fourth quarter of 2010 and first quarter of 2011 we completed the renewal of our affiliation agreements with ABC and NBC. Under the renewal with ABC and NBC we pay for network programming and no longer receive any network compensation. 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 national and local economies, particularly conditions within the automotive, services and retail categories, 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 the third and fourth quarters of even-numbered years.

Operating results for television were as follows:

<i>(in thousands)</i>	2011	Quarter Period Change	2010	2011	Year-to-date Change	2010
Segment operating revenues:						
Local	\$ 45,712	8.1%	\$ 42,295	\$ 86,828	5.8%	\$ 82,034
National	22,486	1.2%	22,214	42,490	0.2%	42,425
Political	938		4,386	1,382		5,226
Retransmission	3,857	30.5%	2,955	7,813	38.2%	5,653
Network compensation			220			993
Other	4,049	47.8%	2,740	7,481	40.7%	5,318
Total segment operating revenues	77,042	3.0%	74,810	145,994	3.1%	141,649
Segment costs and expenses:						
Employee compensation and benefits	30,719	2.3%	30,032	62,503	4.7%	59,689
Programs and program licenses	15,519	2.4%	15,149	30,995	4.8%	29,573
Other costs and expenses	17,274	5.8%	16,320	32,642	0.6%	32,434
Total segment costs and expenses	63,512	3.3%	61,501	126,140	3.7%	121,696
Segment profit	\$ 13,530	1.7%	\$ 13,309	\$ 19,854	(0.5)%	\$ 19,953

**Revenues**

Television time sales increased in the year-to-date period despite the difficult comparison created by the benefit of \$4 million of political advertising in the second quarter and approximately \$2 million of incremental advertising revenue associated with the broadcast of the Winter Olympics on our three NBC affiliates in the prior year period.

Retransmission revenues increased year over year due to the renewal of certain agreements in the current year. Prior to the spin-off of SNI, the rights to retransmit our broadcast signals were included as consideration in negotiations between cable and satellite system operators and the Company's cable networks. SNI pays us fixed fees for the use of our retransmission rights. As the retransmission contracts negotiated by SNI expire, we will negotiate standalone retransmission consent agreements with the cable and satellite system operators. Agreements covering the majority of households in our television markets expire between 2016 and 2019.

Under the renewal of the long-term network affiliation agreements with ABC and NBC, we no longer receive network compensation revenue.

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Other revenues include revenue from our digital initiatives and revenue from our news and television services arrangement with WFLX. Other revenues increased primarily due to our news production agreement with WFLX.

**Costs and expenses**

Employee compensation and benefits increased in the 2011 year-to-date and second quarter periods primarily due to increased costs for our defined contribution retirement plans and other employee benefits. We restored the matching contribution to our defined contribution plan in July 2010 and in the first quarter of 2011 began making supplemental retirement plan contributions to employees nearing retirement age. The supplemental contributions are associated with freezing the accrual of benefits under our defined benefit pension plan in 2009. We reinstated some bonuses in the second quarter of 2010, but we have no accrual for employee bonuses in 2011.

Programs and program licenses increased in the 2011 year-to-date and second quarter periods primarily due to network affiliation fees we now pay under new network affiliation agreements with ABC and NBC. Replacing Oprah with lower-priced programming late in the third quarter is expected to reduce our programs and program licensing costs by approximately 25% in the fourth quarter of 2011 compared to the second quarter of 2011.

Other expenses in the 2010 year-to-date period included approximately \$1 million in costs associated with the transition to a new national sales representation arrangement.



**Table of Contents****Newspapers**

We operate daily and community newspapers in 13 markets in the U.S. Our newspapers earn revenue primarily from the sale of advertising 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 national and local economic conditions, particularly within the retail, labor, housing and auto markets, as well as newsprint prices.

Operating results for our newspaper business were as follows:

<i>(in thousands)</i>	2011	Quarter Period Change	2010	2011	Year-to-date Change	2010
Segment operating revenues:						
Local	\$ 20,698	(4.6)%	\$ 21,693	\$ 42,006	(7.6)%	\$ 45,464
Classified	20,046	(9.4)%	22,118	40,977	(6.7)%	43,907
National	3,126	(30.9)%	4,527	6,739	(29.5)%	9,562
Preprint and other	17,395	(3.5)%	18,026	34,664	(3.4)%	35,889
Print advertising	61,265	(7.7)%	66,364	124,386	(7.7)%	134,822
Circulation	29,735	0.1%	29,698	61,292	(0.9)%	61,842
Digital	6,662	(3.9)%	6,934	12,997	(4.8)%	13,653
Other	4,298	(13.9)%	4,992	9,457	(8.0)%	10,283
Total operating revenues	101,960	(5.6)%	107,988	208,132	(5.7)%	220,600
Segment costs and expenses:						
Employee compensation and benefits	47,553	3.3%	46,052	97,742	4.0%	93,939
Newsprint and press supplies	12,437	9.7%	11,338	25,378	8.8%	23,316
Distribution services	12,603	7.3%	11,746	25,322	7.5%	23,558
Other costs and expenses	24,490	0.8%	24,291	49,413	1.6%	48,657
Total costs and expenses	97,083	3.9%	93,427	197,855	4.4%	189,470
Segment profit	\$ 4,877	(66.5)%	\$ 14,561	\$ 10,277	(67.0)%	\$ 31,130

**Revenues**

The U.S. economic recession and secular changes in the demand for newspaper advertising affected operating revenue in 2011 and 2010, leading to lower advertising volumes and rate weakness in most of our local markets. We have seen improvements in help-wanted classified advertising, but real estate classified advertising and national advertising remain particularly weak.

Digital revenues include advertising on our newspaper Internet sites, digital advertising provided through audience-extension programs such as our arrangement with Yahoo!, and other digital marketing services we offer to

our local advertising customers, such as managing their search engine marketing campaigns. In 2011, we began to report revenue from certain of our digital offerings net of the amounts paid to our partners. Digital revenues increased 2.2% and 3.1% while pure-play digital advertising increased 6.1% and 10.3% for year-to-date and quarter periods on a pro forma basis, assuming 2010 revenues were also reported on a net basis.

Circulation revenue has remained substantially unchanged, as higher circulation rates have offset declines in circulation net paid levels.

The decline in preprint and other revenues in the 2011 year-to-date and second quarter periods is due to reductions in the number of inserts by large national retailers. Preprint and other products include niche publications such as community newspapers, lifestyle magazines, publications focused on the classified advertising categories of real estate, employment and auto, and other publications aimed at younger readers.

Other operating revenues represent revenue earned on ancillary services offered by our newspapers, including commercial printing and distribution services.

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**Costs and expenses**

Employee compensation and benefits increased in the 2011 year-to-date and second quarter periods primarily due to increased costs for our defined contribution retirement plans and other increased employee benefits. We restored the matching contribution to our defined contribution plan in July 2010 and in the first quarter of 2011 began making supplemental retirement plan contributions to employees nearing retirement age. The supplemental contributions are associated with freezing the accrual of benefits under our defined benefit pension plan in 2009.

Newsprint and press supplies increased by \$2.1 million in the 2011 year-to-date period primarily due to increased newsprint costs. The increase in newsprint costs was due to a 14% increase in newsprint prices which was partially offset by a 0.8% decrease in consumption. Newsprint and press supplies increased by \$1.1 million in the 2011 second quarter primarily due to increased newsprint costs. The increase in newsprint costs was due to a 9.6% increase in newsprint prices and a 1.6% increase in consumption.

Distribution services increased as part of our transition of distribution processes from internal personnel to an external vendor.

Other expenses were substantially unchanged in 2011 compared with 2010.

**Table of Contents****LIQUIDITY AND CAPITAL RESOURCES**

Our primary source of liquidity is our available cash and borrowings under our credit facility.

Cash flow from continuing operating activities in the first half of 2011 was substantially unchanged compared to the first half of 2010. The cash flow from operating activities was affected by the timing of tax payments and refunds and the timing of payment of network affiliation fees and syndicated programming fees in our television division. Tax benefits associated with 2011 losses are not available to us until we file our 2011 tax return in 2012. In addition, during the first half of 2011, we made estimated tax payments for 2010 of \$8 million. The 2010 period included \$6 million in payments from SNI for the final settlement of taxes for periods prior to the spin-off and \$2 million of refunds of Federal income taxes paid in 2008. In the first quarter of 2011, we paid approximately \$4.7 million of network affiliation fees for 2010 upon signing a definitive agreement with ABC.

Capital expenditures in the first half of 2011 were \$4.5 million, down from \$7.3 million in the prior year. Capital expenditures for the remainder of 2011 are expected to be approximately \$8 million.

At June 30, 2011, we had no borrowings under our Revolving Credit Agreement, and had cash and cash equivalents of \$157 million. At June 30, 2011, we had borrowing capacity of \$90 million under our Revolver.

In October 2010, the board of directors authorized the repurchase of up to \$75 million of our Class A Common Shares. The shares may be repurchased from time to time at management's discretion, either in the open market, through pre-arranged trading plans or in negotiated block transactions. The authorization expires December 31, 2012. In the first half of 2011, we repurchased \$23 million worth of shares under this program.

We expect that our cash on hand at June 30, 2011, will be sufficient to meet our operating and capital needs over the next 12 months.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

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 June 30, 2011.

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

<i>(in thousands)</i>	As of June 30, 2011		As of December 31, 2010	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to market value risk:				
Investments held at cost	\$ 10,871	\$ (a)	\$ 10,366	\$ (a)

(a) Includes securities that do not trade in public markets so the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value. There can be no assurance that we would realize the carrying value upon sale of the securities.

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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**

<b>No.</b>	<b>Item</b>
31(a)	Section 302 Certifications
31(b)	Section 302 Certifications
32(a)	Section 906 Certifications
32(b)	Section 906 Certifications

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