SCRIPPS E W CO /DE
Form 10-Q
November 09, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2006

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND 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	**31-1223339**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
312 Walnut Street	**45202**

Cincinnati, Ohio
(Address of principal executive offices) **(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 x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

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, 2006 there were 126,812,798 of the Registrant s Class A Common Shares outstanding and 36,568,226 of the Registrant s Common Voting Shares outstanding.

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INDEX TO THE E. W. SCRIPPS COMPANY

REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2006

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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, 2005.

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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 equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act during the quarter ended September 30, 2006:

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
7/1/06 - 7/31/06	112,000	$ 42.31	112,000	3,438,000
8/1/06 - 8/31/06	161,000	$ 43.26	161,000	3,277,000
9/1/06 - 9/30/06	140,000	$ 46.62	140,000	3,137,000
Total	413,000	$ 44.14	413,000	3,137,000

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

There were no matters submitted to a vote of security holders during the quarter for which this report is filed.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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 and 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 9, 2006	BY: /s/ Joseph G. NeCastro Joseph G. NeCastro Executive Vice President and Chief Financial Officer

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THE E. W. SCRIPPS COMPANY

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CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	September 30, 2006 (Unaudited)	As of December 31, 2005	September 30, 2005 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 30,804	$ 19,243	$ 23,879
Short-term investments	2,398	12,800	1,029
Accounts and notes receivable (less allowances $15,474, $18,463, $18,285)	478,641	493,075	408,423
Programs and program licenses	169,388	172,879	163,452
Deferred income taxes	32,845	32,269	30,131
Inventories	11,889	11,725	11,402
Assets of discontinued operations	166,778	230,694	337,704
Miscellaneous	38,519	22,841	21,286
Total current assets	931,262	995,526	997,306
Investments	225,616	210,021	222,323
Property, plant and equipment	478,227	490,891	480,622
Goodwill and other intangible assets:			
Goodwill	1,944,853	1,647,794	1,660,732
Other intangible assets	315,568	227,585	233,331
Total goodwill and other intangible assets	2,260,421	1,875,379	1,894,063
Other assets:			
Programs and program licenses (less current portion)	233,200	169,624	172,992
Unamortized network distribution incentives	160,656	172,271	177,474
Prepaid pension	51,754	66,153	62,983
Miscellaneous	47,419	52,763	49,201
Total other assets	493,029	460,811	462,650
TOTAL ASSETS	$ 4,388,555	$ 4,032,628	$ 4,056,964

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	September 30, 2006 (Unaudited)	As of December 31, 2005	September 30, 2005 (Unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 79,105	$ 92,084	$ 101,600
Customer deposits and unearned revenue	61,589	53,521	54,798
Accrued liabilities:			
Employee compensation and benefits	62,867	75,069	64,986
Network distribution incentives	7,199	8,871	8,576
Accrued income taxes	4,160	4,705	13,376
Miscellaneous	92,968	83,720	84,922
Liabilities of discontinued operations	41,260	46,863	60,285
Other current liabilities	27,226	29,103	36,634
Total current liabilities	376,374	393,936	425,177
Deferred income taxes	359,336	312,961	282,866
Long-term debt	966,168	825,775	857,893
Other liabilities (less current portion)	121,420	121,616	109,507
Minority interests	98,710	91,261	73,523
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: 126,723,327, 126,994,386; and 127,027,297 shares	1,267	1,270	1,270
Voting - authorized: 60,000,000 shares; issued and outstanding: 36,568,226, 36,668,226 and 36,668,226 shares	366	367	367
Total	1,633	1,637	1,637
Additional paid-in capital	404,560	363,416	357,835
Stock compensation:			
Performance awards and restricted stock units		4,828	3,717
Unvested restricted stock awards		(1,634)	(2,470)
Retained earnings	2,044,808	1,930,994	1,958,040
Accumulated other comprehensive income (loss), net of income taxes:			
Unrealized gains on securities available for sale	6,098	4,906	6,209
Pension liability adjustments	(18,988)	(18,550)	(18,495)
Foreign currency translation adjustment	28,436	1,482	1,525
Total shareholders' equity	2,466,547	2,287,079	2,307,998
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,388,555	$ 4,032,628	$ 4,056,964

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Operating Revenues:				
Advertising	$ 406,124	$ 374,110	$ 1,290,269	$ 1,176,161
Referral fees	60,449	34,672	183,133	35,719
Network affiliate fees, net	49,039	43,634	146,572	125,233
Circulation	30,530	30,650	93,487	96,223
Licensing	19,651	19,492	56,161	57,372
Other	17,656	12,774	45,470	47,998
Total operating revenues	583,449	515,332	1,815,092	1,538,706
Costs and Expenses:				
Employee compensation and benefits (exclusive of JOA editorial compensation costs)	159,393	146,779	478,292	420,172
Marketing and advertising	55,238	40,500	166,712	95,650
Programs and program licenses	64,030	54,794	177,768	164,070
Newsprint and ink	20,155	20,304	65,906	61,458
JOA editorial costs and expenses	8,561	9,261	26,534	27,535
Other costs and expenses	111,238	106,955	346,589	310,898
Total costs and expenses	418,615	378,593	1,261,801	1,079,783
Depreciation, Amortization, and Losses (Gains):				
Depreciation	16,359	16,696	52,464	45,593
Amortization of intangible assets	10,769	8,611	33,445	11,189
Gain on formation of Colorado newspaper partnership			(3,535)	
Losses (gains) on disposal of property, plant and equipment	277	107	433	65
Hurricane recoveries, net	(150)		(1,900)	(1,892)
Net depreciation, amortization and losses (gains)	27,255	25,414	80,907	54,955
Operating income	137,579	111,325	472,384	403,968
Interest expense	(15,281)	(12,136)	(42,971)	(27,067)
Equity in earnings of JOAs and other joint ventures	13,942	10,096	39,923	49,456
Interest and dividend income	713	3,758	1,864	4,340
Miscellaneous, net	1,421	417	3,400	350
Income from continuing operations before income taxes and minority interests	138,374	113,460	474,600	431,047
Provision for income taxes	44,132	37,895	159,929	150,968
Income from continuing operations before minority interests	94,242	75,565	314,671	280,079
Minority interests	15,806	11,729	49,881	40,354
Income from continuing operations	78,436	63,836	264,790	239,725
Income (loss) from discontinued operations, net of tax	(5,373)	18,320	(45,518)	10,031
Net income	$ 73,063	$ 82,156	$ 219,272	$ 249,756
Net income (loss) per basic share of common stock:				
Income from continuing operations	$ .48	$ .39	$ 1.62	$ 1.47

Income (loss) from discontinued operations		(.03)		.11		(.28)		.06
Net income per basic share of common stock	$	.45	$	.50	$	1.34	$	1.53
Net income (loss) per diluted share of common stock:								
Income from continuing operations	$	.48	$	.39	$	1.61	$	1.45
Income (loss) from discontinued operations		(.03)		.11		(.28)		.06
Net income per diluted share of common stock	$	.44	$	.50	$	1.33	$	1.51

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

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Cash Flows from Operating Activities:		
Net income	$ 219,272	$ 249,756
Loss (income) from discontinued operations	45,518	(10,031)
Income from continuing operations	264,790	239,725
Adjustments to reconcile income from continuing operations to net cash flows from operating activities:		
Depreciation and amortization	85,909	56,782
Gain on formation of Colorado newspaper partnership	(3,535)	
Deferred income taxes	11,773	18,551
Excess tax benefits of stock compensation plans	1,547	9,390
Dividends received greater (less) than equity in earnings of JOAs and other joint ventures	19,092	10,282
Stock and deferred compensation plans	24,088	15,075
Minority interests in income of subsidiary companies	49,881	40,354
Affiliate fees billed greater than amounts recognized as revenue	10,964	15,261
Network launch incentive payments	(5,082)	(17,937)
Payments for programming less (greater) than program cost amortization	(55,675)	(28,696)
Prepaid and accrued pension expense	14,399	(30,804)
Other changes in certain working capital accounts, net	(10,119)	6,774
Miscellaneous, net	4,375	(7,167)
Net cash provided by continuing operating activities	412,407	327,590
Net cash provided by (used in) discontinued operating activities	(7,195)	20,490
Net operating activities	405,212	348,080
Cash Flows from Investing Activities:		
Purchase of subsidiary companies, minority interest, and long-term investments	(398,225)	(548,659)
Proceeds from formation of Colorado newspaper partnership, net of transaction costs	20,029	
Additions to property, plant and equipment	(50,037)	(35,421)
Decrease in short-term investments	10,402	19,887
Sale of long-term investments	2,838	4,131
Miscellaneous, net	4,143	261
Net cash provided by (used in) continuing investing activities	(410,850)	(559,801)
Net cash provided by (used in) discontinued investing activities	12,902	(6,873)
Net investing activities	(397,948)	(566,674)
Cash Flows from Financing Activities:		
Increase in long-term debt	149,756	325,896
Payments on long-term debt	(10,918)	(78)
Dividends paid	(57,200)	(52,363)
Dividends paid to minority interests	(40,128)	(40,460)
Repurchase Class A Common shares	(50,222)	(26,790)
Proceeds from employee stock options	13,935	28,017
Excess tax benefits of stock compensation plans	2,319	
Miscellaneous, net	(4,054)	(4,132)
Net cash provided by continuing financing activities	3,488	230,090

Net cash provided by (used in) discontinued financing activities	(106)	104
Net financing activities	3,382	230,194
Effect of exchange rate changes on cash and cash equivalents	915	
Increase in cash and cash equivalents	11,561	11,600
Cash and cash equivalents:		
Beginning of year	19,243	12,279
End of period	$ 30,804	$ 23,879
Supplemental Cash Flow Disclosures:		
Interest paid, excluding amounts capitalized	$ 41,246	$ 25,967
Income taxes paid continuing operations	$ 158,061	$ 103,545
Income taxes paid (refunds received) discontinued operations	(24,066)	3,548
Total income taxes paid	$ 133,995	$ 107,093

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AND SHAREHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share data)	Common Stock	Additional Paid-in Capital	Stock Compensation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Comprehensive Income for the Three Months Ended September 30
As of December 31, 2004	$ 1,632	$ 320,359	$ (4,090)	$ 1,787,221	$ (9,001)	$ 2,096,121	
Comprehensive income:							
Net income				249,756		249,756	$ 82,156
Unrealized gains (losses) on investments, net of tax of $1,340 and ($1,014)					(2,594)	(2,594)	1,888
Adjustment for losses (gains) in income, net of tax of ($480)					891	891	
Change in unrealized gains (losses) on investments					(1,703)	(1,703)	1,888
Currency translation, net of tax of ($199) and ($374)					(57)	(57)	621
Total				249,756	(1,760)	247,996	$ 84,665
Dividends: declared and paid - $.32 per share				(52,363)		(52,363)	
Repurchase 562,500 Class A Common shares	(6)	(1,322)		(26,574)		(27,902)	
Compensation plans, net: 1,133,929 shares issued; 63,464 shares repurchased; 2,500 shares forfeited	11	29,408	5,337			34,756	
Tax benefits of compensation plans		9,390				9,390	
As of September 30, 2005	$ 1,637	$ 357,835	$ 1,247	$ 1,958,040	$ (10,761)	$ 2,307,998	
As of December 31, 2005	$ 1,637	$ 363,416	$ 3,194	$ 1,930,994	$ (12,162)	$ 2,287,079	
Comprehensive income:							
Net income				219,272		219,272	$ 73,063
Unrealized gains (losses) on investments, net of tax of $(526) and $(603)					1,203	1,203	1,347
Adjustment for losses (gains) in income, net of tax of $6					(11)	(11)	
Change in unrealized gains (losses) on investments					1,192	1,192	1,347
Tax adjustment to minimum pension liability					(438)	(438)	(438)
Currency translation, net of tax of $(52) and $212					26,954	26,954	4,516

Total				219,272	27,708	246,980	$ 78,488
Adoption of FAS 123-R		3,194	(3,194)				
Dividends: declared and paid - $.35 per share				(57,200)		(57,200)	
Convert 100,000 Voting Shares to Class A Shares							
Repurchase 1,113,000 Class A Common shares	(11)	(2,958)		(48,258)		(51,227)	
Compensation plans, net: 816,822 shares issued;							
72,065 shares repurchased; 2,816 shares forfeited	7	37,042				37,049	
Tax benefits of compensation plans		3,866				3,866	
As of September 30, 2006	$ 1,633	$ 404,560		$ 2,044,808	$ 15,546	$ 2,466,547	

See notes to condensed consolidated financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The 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. Aside from information disclosed in this Form 10-Q, the information disclosed in the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2005, has not changed materially. Financial information as of December 31, 2005, included in these financial statements has been derived from the audited consolidated financial statements included in that report. In management s opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

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 national television networks, newspaper publishing, broadcast television, interactive media, 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: Scripps Networks, Newspapers, Broadcast television, and Interactive media. Additional information for our business segments in presented in Note 18.

Concentration Risks - Our operations are geographically dispersed and we have a diverse customer base. We believe bad debt losses resulting from default by a single customer, or defaults by customers in any depressed region or business sector, would not have a material effect on our financial position.

Approximately 80% of our operating revenues are earned from marketing services, including advertising and referral fees. Operating results can be affected by changes in the demand for such services both nationally and in individual markets.

The six largest cable television systems and the two largest satellite television systems provide service to more than 95% of homes receiving HGTV and Food Network. The loss of distribution by any of these cable and satellite television systems could adversely affect our business. While no assurance can be given regarding renewal of our distribution contracts, we have not lost carriage upon the expiration of our distribution contracts with any of these cable and satellite television systems.

One customer accounts for approximately 30% of our interactive media segment s annual operating revenues. While we can provide no assurance that the revenues from this customer would be replaced, we believe we could reach agreement to provide these services to other parties.

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 such long-lived assets; 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.

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 Income. The related editorial costs and expenses are included in JOA editorial costs and expenses. Our residual interest in the net assets of the Denver and Albuquerque JOAs is classified as an investment in the Condensed Consolidated Balance Sheets. We do not have a residual interest in the net assets of the Cincinnati JOA.

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Foreign Currency Translation Substantially all of our international subsidiaries use the local currency of their respective country as their functional currency. Assets and liabilities of such international subsidiaries are translated using end-of-period exchange rates while results of operations are translated based on the average exchange rates throughout the year. Equity is translated at historical exchange rates, with the resulting cumulative translation adjustment included as a component of accumulated other comprehensive income (loss) in shareholders equity, net of applicable income taxes.

Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency using end-of-period exchange rates. Gains or losses resulting from such remeasurement are recorded in income. Foreign exchange gains and losses are included in Miscellaneous, net in the Condensed Consolidated Statements of Income. Foreign exchange gains totaled $0.3 million for the year-to-date period of 2006 and foreign exchange losses totaled $0.7 million for the year-to-date period of 2005.

Revenue Recognition - Our primary sources of revenue are from:

- The sale of print, broadcast, and internet advertising.
- Referral fees and commissions from retailers and service providers.
- Fees for programming services (network affiliate fees).
- The sale of newspapers.
- Licensing royalties.

Revenue is reported net of our remittance of sales taxes, value added taxes and other taxes collected from our customers.

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, 2005.

Stock-Based Compensation We have a Long-Term Incentive Plan (the Plan), which is described more fully in Note 19 to this Form 10-Q. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted and unrestricted Class A Common Shares and performance units to key employees and non-employee directors.

As discussed in Note 2, we adopted Financial Accounting Standard No. 123-R - Share Based Payment (FAS 123-R), effective January 1, 2006. In accordance with FAS 123-R, compensation cost is based on the grant-date fair value of the award. The fair value of awards that grant the employee the right to the appreciation of the underlying shares, such as stock options, is measured using a binomial lattice model. The fair value of awards that grant the employee the underlying shares is measured by the fair value of a Class A Common Share.

Certain awards of Class A Common Shares have performance conditions under which the number of shares granted is determined by the extent to which such performance conditions are met (Performance Shares). Compensation costs for such awards are measured by the grant-date fair value of a Class A Common Share and the number of shares earned. In periods prior to completion of the performance period, compensation costs are based upon estimates of the number of shares that will be earned.

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Compensation costs, net of estimated forfeitures due to termination of employment or failure to meet performance targets, are recognized on a straight-line basis over the requisite service period of the award. The requisite service period is generally the vesting period stated in the award. However, because stock compensation grants vest upon the retirement of the employee, grants to retirement-eligible employees are expensed immediately and grants to employees who will become retirement eligible prior to the end of the stated vesting period are expensed over such shorter period. The vesting of certain awards is also accelerated if performance measures are met. If it is expected those performance measures will be met, compensation costs are expensed over the accelerated vesting period.

Prior to January 1, 2006, we applied the provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, in accounting for stock-based compensation. Under APB 25 we measured compensation costs based upon the intrinsic value of the award on the date of grant, with the exception of performance shares. Compensation costs for performance shares were measured by the number of shares earned and the fair value of a Class A Common share at the end of the performance period. Because stock options were granted with exercise prices equal or greater than the market price of a Class A Common share on the date of grant, no compensation costs were recognized unless the terms of those options were later modified. Compensation costs were expensed over the vesting period stated in the award, including grants to retirement-eligible employees, as each tranche of an award vested. If the stated vesting period was accelerated upon satisfaction of performance conditions, compensation costs were recognized over the shorter period if the performance conditions were expected to be met. Any unrecognized compensation cost was recognized upon retirement of an employee prior to the end of the stated vesting period. Forfeitures were recognized as they occurred.

Net Income Per Share - The following table presents information about basic and diluted weighted-average shares outstanding:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	**2006**	**2005**	**2006**	**2005**
Basic weighted-average shares outstanding	163,090	163,506	163,251	163,258
Effect of dilutive securities:				
Unvested restricted stock held by employees	241	285	236	281
Stock options held by employees and directors	1,181	1,912	1,355	1,963
Diluted weighted-average shares outstanding	164,512	165,703	164,842	165,502

Stock options to purchase 5,823,864 common shares were anti-dilutive as of September 30, 2006 and are therefore 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 - We adopted FAS 123-R using the modified prospective application transition method. Under the modified prospective application transition method, the provisions of FAS 123-R are applied to awards granted after the date of adoption and to the unvested portion of awards outstanding as of January 1, 2006. There are no changes in the accounting for awards which vested prior to adoption of FAS 123-R unless the terms of those awards are subsequently modified. Prior period reported amounts have not been restated to apply the provisions of FAS 123-R.

Income from continuing operations in the third quarter of 2006 was reduced by $2.6 million, $.02 per share, as a result of the adoption of FAS 123-R. Income from continuing operations in the year-to-date period was reduced by $10.7 million, $.07 per share.

Net income and earnings per share as if the fair-value based principles of FAS 123-R were applied to all periods presented, on an as reported basis for periods after the adoption of FAS 123-R and on a pro forma basis for periods prior to the adoption of FAS 123-R, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share data)	**2006**	**2005**	**2006**	**2005**
Net income:				
Reported net income for 2005		$ 82,156		$ 249,756
Additional compensation to adjust intrinsic value to fair value		(4,062)		(11,238)
Net income under fair-value based method for all periods	$ 73,063	$ 78,094	$ 219,272	$ 238,518
Net income per share of common stock				
Basic earnings per share:				
As reported		$ 0.50		$ 1.53
Additional compensation to adjust intrinsic value to fair value		(0.02)		(0.07)
Basic earnings per share under fair-value based method	$ 0.45	$ 0.48	$ 1.34	$ 1.46
Diluted earnings per share:				
As reported		$ 0.50		$ 1.51
Additional compensation to adjust intrinsic value to fair value		(0.02)		(0.07)
Diluted earnings per share under fair-value based method	$ 0.44	$ 0.47	$ 1.33	$ 1.44

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

Prior to the adoption of FAS 123-R, tax benefits for tax deductions in excess of compensation expense were classified as operating cash flows. Upon the adoption of FAS 123-R, tax benefits related to recorded stock compensation are presented as operating cash flows, while tax benefits resulting from tax deductions in excess of recorded compensation expense are classified as financing cash flows.

Cash flows from operating activities were reduced by $2.3 million and cash flows from financing activities were increased by $2.3 million in the 2006 year-to-date period.

In addition, prior to adoption of FAS 123-R, additional paid-in capital was increased by the intrinsic value of the award on the date of grant. The unvested portion of the award as of each balance sheet date was presented as a reduction in shareholders equity as of that date. Upon adoption of FAS 123-R, additional paid-in capital is increased as the fair value of the award is recognized as compensation expense in our statements of income.

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In November 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 123-R-3, Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool (APIC pool) related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and consolidated statements of cash flows of the tax effects of employee share-based compensation awards that are outstanding upon adoption of FAS 123-R. An entity may make a one-time election to adopt the transition method described in this guidance and may take up to one year from the later of its initial adoption of FAS 123-R or the effective date of this guidance, which was November 11, 2005. We have elected not to adopt the alternative transition method provided in FAS 123-R-3 for calculating the tax effects of share-based compensation pursuant to FAS 123-R.

Recently Issued Accounting Standards - In July 2006, the FASB issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FAS No. 109, Accounting for Income Taxes. FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition.

In accordance with FIN 48, the benefits of tax positions will not be recorded unless it is more likely than not that the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued FAS No. 157, Fair Value Measurements. This statement clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures on fair value measurements. FAS No. 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued FAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB statements No. 87, 88, 106 and 132(R). FAS 158 requires us to recognize the over- or under-funded status of each of our pension and postretirement plans in our balance sheet. The standard did not change the manner in which plan liabilities or periodic expense is measured. Changes in the funded status of the plans resulting from unrecognized prior service costs and credits and unrecognized actuarial gains and losses are recorded as a component of other comprehensive income within shareholders equity. Based upon an estimated actuarial valuation of plan assets and obligations for our fiscal year ending December 31, 2006, the difference in accounting between the previous requirements of FAS 132(R) and the new requirements of FAS 158 is expected to decrease assets by approximately $41 million and increase pension liabilities by approximately $15 million. Shareholders s equity, net of a $21 million deferred income tax impact, is expected to decrease by $35 million.

3. ACQUISITIONS

2006 - On March 16, 2006, we acquired 100% of the common stock of uSwitch Ltd. for approximately $383 million in cash. Assets acquired in the transaction included approximately $10.9 million of cash. The acquisition, financed using a combination of cash on hand and borrowing on both existing and new credit facilities, enables us to further capitalize on the increasing use and profitability of specialized Internet search businesses and to extend the reach of our interactive media businesses into essential home services and international markets.

In the first and second quarter of 2006, we acquired an additional 4% interest in our Memphis newspaper and 2% interest in our Evansville newspaper for total consideration of $22.4 million. We also acquired a newspaper publication for total consideration of $0.7 million. In the third quarter of 2006, we acquired newspapers and other publications in areas contiguous to our existing newspaper markets for total consideration of $2.0 million.

2005 - On June 27, 2005, we acquired 100% ownership of Shopzilla for approximately $570 million in cash. Assets acquired in the transaction included approximately $34.0 million of cash and $12.3 million of short-term investments. The acquisition was financed using a combination of cash on hand and additional borrowings. The acquisition enabled us to capitalize on the rapid growth and rising profitability of specialized Internet search businesses and expand our electronic media platform.

In the third quarter and fourth quarter of 2005, we acquired newspapers and other publications in areas contiguous to our existing newspaper markets. Cash consideration paid for these transactions totaled $8.5 million.

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The following table summarizes the fair values of the assets acquired and the liabilities assumed as of the dates of acquisition. The allocation of the purchase price to the assets and liabilities of the uSwitch acquisition is based upon preliminary appraisals and estimates and is therefore subject to change. The allocation of the purchase price for the other acquisitions summarized below reflects final values assigned which may differ from preliminary values reported in the financial statements for prior periods.

	2006		2005	
(in thousands)	**uSwitch**	**Newspapers**	**Shopzilla**	**Newspapers**
Short-term investments			$ 12,279	
Accounts receivable	$ 9,486	$ 91	12,670	$ 454
Other current assets	583		8,046	93
Property, plant and equipment	5,367	5	25,728	268
Amortizable intangible assets	108,091	8,468	142,400	1,840
Goodwill	288,085	14,317	401,492	5,851
Other assets			138	
Net operating loss carryforwards			23,499	
Total assets acquired	411,612	22,881	626,252	8,506
Current liabilities	(13,251)	(96)	(24,195)	(47)
Deferred income taxes	(26,204)		(66,271)	
Other long-term obligations			(719)	
Minority interest		2,305		10
Net purchase price	$ 372,157	$ 25,090	$ 535,067	$ 8,469

Pro forma results of operations, assuming the uSwitch and Shopzilla acquisitions had taken place at the beginning of each respective period, are included in the following table. The pro forma information includes adjustments for interest expense that would have been incurred to finance the acquisition, additional depreciation and amortization of the assets acquired and excludes transaction related expenses incurred by the acquired companies. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisitions been completed at the beginning of the period. Pro forma results are not presented for the other acquisitions completed during 2005 and 2006 because the combined results of operations would not be significantly different from reported amounts.

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share data)	**2006**	**2005**	**2006**	**2005**
Operating revenues	$ 583,449	$ 521,110	$ 1,825,358	$ 1,611,124
Income from continuing operations	78,436	58,391	261,211	215,936
Income from continuing operations per share of common stock:				
Basic	$ .48	$ .36	$ 1.60	$ 1.32
Diluted	.48	.35	1.58	1.30

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4. DISCONTINUED OPERATIONS

On June 21, 2006, we reached agreement to sell the operations of the Shop At Home television network and certain of its assets to Jewelry Television for consideration of $17 million. Under the terms of the agreement, Jewelry Television also assumed a number of Shop At Home s television affiliation agreements. In the third quarter of 2006, we reached agreement to sell the five Shop At Home-affiliated broadcast television stations for consideration of $170 million. The sale of the stations is expected to be completed in multiple closings pending the timing of license transfers and other approvals by the Federal Communications Commission. We expect the transactions will be completed in their entirety by the second quarter of 2007.

In the third quarter of 2005, we reached an agreement with Advance Publications, Inc., the publisher of the Birmingham News (News), to terminate the Birmingham joint operating agreement between the News and our Birmingham Post-Herald newspaper. During the third quarter of 2005, we also ceased publication of our Birmingham Post-Herald newspaper and sold certain assets to the News.

In accordance with the provisions of Financial Accounting Standards (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 also been excluded from segment results for all periods presented.

Operating results of our discontinued operations were as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
(in thousands)	**2006**	**2005**	**2006**	**2005**
Operating revenues:				
Shop At Home	$ 1,962	$ 79,370	$ 166,584	$ 268,382
Birmingham-Post Herald		9		27
Total	$ 1,962	$ 79,379	$ 166,584	$ 268,409
Share of earnings of JOA, including termination fee		$ 41,970		$ 45,423
Income (loss) from discontinued operations:				
Shop At Home:				
Loss from operations	$ (8,110)	$ (9,836)	$ (58,612)	$ (24,688)
Loss on divestiture			(12,054)	
Total Shop At Home	(8,110)	(9,836)	(70,666)	(24,688)
Birmingham-Post Herald		40,658	(2)	42,799
Income (loss) from discontinued operations, before tax	(8,110)	30,822	(70,668)	18,111
Income taxes (benefit)	(2,737)	12,502	(25,150)	8,080
Income (loss) from discontinued operations	$ (5,373)	$ 18,320	$ (45,518)	$ 10,031

In 2005, we received cash consideration of approximately $40.8 million as a result of the termination of the Birmingham joint operating agreement and the sale of certain assets of the Birmingham-Post Herald newspaper. Third quarter 2005 net income was increased by $24.2 million.

The loss on divestiture in 2006 represents losses on the sale of property and other assets to Jewelry Television.

Upon reaching agreement to sell the five Shop At Home-affiliated broadcast television stations in the third quarter of 2006, we recognized a $7.5 million impairment charge to reduce the carrying value of the stations FCC licenses to their fair value.

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Shop At Home s loss from operations in the 2006 year-to-date period also includes a $6.4 million pre-tax charge to write-down assets on the Shop At Home television network, $13.7 million in costs associated with employee termination benefits, and $3.3 million in costs associated with the termination of long-term agreements. Information regarding employee benefit and long-term contract termination accruals is as follows:

(in thousands)	**Second quarter charge**	**Third quarter charges**	**Third quarter adjustments**	**Cash Paid**	**Balance as of September 30, 2006**
Employee termination benefits	$ 12,327	$ 1,326		$ (13,653)	
Other long-term agreement costs	4,404		$ (1,142)	(1,033)	$ 2,229
Total	$ 16,731	$ 1,326	$ (1,142)	$ (14,686)	$ 2,229

Assets and liabilities of our discontinued operations consisted of the following:

		As of	
(in thousands)	**September 30, 2006**	**December 31, 2005**	**September 30, 2005**
Assets:			
Inventories		$ 31,592	$ 34,486
Property, plant and equipment	$ 9,469	35,330	34,710
Goodwill			100,889
Intangible assets	156,115	163,600	166,887
Other assets	1,194	172	732
Assets of discontinued operations	$ 166,778	$ 230,694	$ 337,704
Liabilities:			
Deferred income taxes	$ 40,708	$ 45,237	$ 57,124
Other liabilities	552	1,626	3,161
Liabilities of discontinued operations	$ 41,260	$ 46,863	$ 60,285

Liabilities of discontinued operations include only those liabilities that were assumed or are expected to be assumed by third parties.

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5. OTHER ITEMS

Gain on formation of Colorado newspaper partnership - In February of 2006, we completed the formation of a newspaper partnership with MediaNews Group, Inc. (MediaNews) that will operate certain of both companies newspapers in Colorado. We contributed the assets of our Boulder Daily Camera, Colorado Daily and Bloomfield Enterprise newspapers for a 50% interest in the partnership. MediaNews contributed the assets of publications they operate in Colorado. In addition, MediaNews also paid us cash consideration of $20.4 million. We recognized a pre-tax gain of $3.5 million in the first quarter of 2006 upon completion of the transaction. Net income was increased by $2.1 million.

Denver newspaper production facilities - In the third quarter of 2005, the management committee of the Denver Newspaper Agency (DNA) approved plans to consolidate DNA s newspaper production facilities. As a result, assets used in certain of the existing facilities will be retired earlier than previously estimated. The reduction in these assets estimated useful lives increased DNA s depreciation expense in 2006 and 2005. The increased depreciation resulted in a $3.0 million decrease in our equity in earnings from JOAs in the third quarter of 2006 and $9.1 million in the third quarter of 2005. Third quarter net income was decreased by $1.9 million in 2006 and $5.7 million in 2005.

Year-to-date equity in earnings from JOAs was decreased $9.3 million in 2006 reducing net income by $5.7 million. The increased depreciation is expected to decrease equity in earnings from JOAs approximately $3.0 million in each quarter until the second quarter of 2007.

Hurricanes - Certain of our Florida operations sustained hurricane damages in 2004 and 2005. Throughout the course of 2005 and 2006, we reached final settlement agreements with insurance providers and other responsible third parties on property and business interruption claims related to these hurricanes. We recorded year-to-date insurance recoveries of $1.9 million in 2006 and $2.2 million in 2005. The insurance recoveries recorded in 2005 were partially offset by additional estimated losses of $0.3 million. Year-to-date net income was increased by $1.2 million in 2006 and 2005.

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6. INCOME TAXES

We file a consolidated federal income tax return and separate state income tax returns for each subsidiary company. Included in our federal and state income tax returns is our proportionate share of the taxable income or loss of partnerships and incorporated limited liability companies that have elected to be treated as partnerships for tax purposes (pass-through entities). Our financial statements do not include any provision (benefit) for income taxes on the income (loss) of pass-through entities attributed to the non-controlling interests.

Food Network is operated under the terms of a general partnership agreement. Fine Living is a limited liability company (LLC) and is treated as a partnership for tax purposes. As a result, federal and state income taxes for these pass-through entities accrue to the individual partners.

Consolidated income before income tax consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2006	2005	2006	2005
Income allocated to Scripps	$ 122,687	$ 102,351	$ 425,374	$ 394,208
Income of pass-through entities allocated to non-controlling interests	15,687	11,109	49,226	36,839
Income from continuing operations before income taxes and minority interest	$ 138,374	$ 113,460	$ 474,600	$ 431,047

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 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. The actual effective income tax rate for the full year may differ from these estimates if income 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.

Information regarding our expected effective income tax rate from continuing operations for the full year of 2006 and the actual effective income tax rate from continuing operations for the full year of 2005 is as follows:

	2006	2005
Statutory rate	35.0%	35.0%
Effect of:		
State and local income taxes, net of federal income tax benefit	2.7	3.5
Income of pass-through entities allocated to non-controlling interests	(3.6)	(3.1)
Adjustment of state net operating loss carryforward valuation allowance	0.6	
Amended return claims and other prior year tax adjustments	(0.8)	
Section 199 - Production Activities Deduction	(0.6)	(0.4)
Miscellaneous	0.4	0.3
Effective income tax rate	33.8%	35.3%

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7. JOINT OPERATING AGREEMENTS AND NEWSPAPER PARTNERSHIPS

Three of our newspapers are operated pursuant to the terms of joint operating agreements (JOAs). 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 table below provides certain information about our JOAs.

Newspaper	Publisher of Other Newspaper	Year JOA Entered Into	Year of JOA Expiration
The Albuquerque Tribune	Journal Publishing Company	1933	2022
The Cincinnati Post	Gannett Newspapers	1977	2007
Denver Rocky Mountain News	MediaNews Group, Inc.	2001	2051

The JOAs generally provide for renewals unless an advance termination notice ranging from two to five years is given to either party. Gannett Newspapers has notified us of its intent to terminate the Cincinnati JOA upon its expiration in December 2007.

The combined sales, production and business operations of the newspapers are either jointly managed or are solely managed by one of the newspapers. 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 do not have management responsibilities for the combined operations of the other two JOAs.

Under the terms of a JOA, operating profits earned from the combined newspaper operations are distributed to the partners in accordance with the terms of the joint operating agreement. We receive a 50% share of the Denver JOA profits, a 40% share of the Albuquerque JOA profits, and approximately 20% to 25% of the Cincinnati JOA profits.

In February of 2006, we formed a newspaper partnership with MediaNews Group, Inc. that will operate certain of both companies newspapers in Colorado, including their editorial operations. We have a 50% interest in the partnership.

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

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8. INVESTMENTS

Investments consisted of the following:

(in thousands, except share data)	As of September 30, 2006	As of December 31, 2005	As of September 30, 2005
Securities available for sale (at market value):			
Time Warner (common shares - 2006, 2,011,000; 2005, 2,017,000)	$ 36,665	$ 35,173	$ 36,525
Other available-for-sale securities	2,058	1,806	4,540
Total available-for-sale securities	38,723	36,979	41,065
Denver JOA	123,280	142,633	152,714
Colorado newspaper partnership	30,607		
Joint ventures	25,551	24,983	22,834
Other equity securities	7,455	5,426	5,710
Total investments	$ 225,616	$ 210,021	$ 222,323
Unrealized gains (losses) on securities available for sale	$ 8,963	$ 7,251	$ 9,716

Investments available for sale represent securities of publicly-traded companies. Investments available for sale are recorded at fair value based upon the closing price of the security on the reporting date. As of September 30, 2006, there were no significant unrealized losses on our available-for-sale securities.

Cash distributions from the Denver JOA have exceeded earnings since the third quarter of 2005, primarily as a result of increased depreciation on assets that will be retired upon consolidation of DNA s newspaper production facilities.

Other equity securities include securities that do not trade in public markets, so they do not have readily determinable fair values. We estimate the fair values of the other securities approximate their carrying values at September 30, 2006. There can be no assurance we would realize the carrying values of these securities upon their sale.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

(in thousands)	As of September 30, 2006	As of December 31, 2005	As of September 30, 2005
Land and improvements	$ 53,955	$ 57,383	$ 57,051
Buildings and improvements	255,321	258,350	252,927
Equipment	703,710	687,379	670,336
Total	1,012,986	1,003,112	980,314
Accumulated depreciation	534,759	512,221	499,692
Net property, plant and equipment	$ 478,227	$ 490,891	$ 480,622

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10. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following:

	As of		
(in thousands)	**September 30, 2006**	**December 31, 2005**	**September 30, 2005**
Goodwill	$ 1,944,853	$ 1,647,794	$ 1,660,732
Other intangible assets:			
Amortizable intangible assets:			
Carrying amount:			
Acquired network distribution	43,415	43,415	43,415
Broadcast television network affiliation relationships	26,748	26,748	26,748
Customer lists	200,543	118,454	118,373
Copyrights and other trade names	32,804	20,562	20,500
Other	46,545	20,000	17,400
Total carrying amount	350,055	229,179	226,436
Accumulated amortization:			
Acquired network distribution	(7,050)	(4,952)	(4,260)
Broadcast television network affiliation relationships	(2,203)	(1,379)	(1,101)
Customer lists	(31,833)	(14,123)	(8,488)
Copyrights and other trade names	(4,492)	(2,081)	(1,127)
Other	(16,714)	(6,864)	(6,178)
Total accumulated amortization	(62,292)	(29,399)	(21,154)
Net amortizable intangible assets	287,763	199,780	205,282
Other indefinite-lived intangible assets:			
FCC licenses	25,622	25,622	25,622
Other	2,087	2,087	2,287
Total other indefinite-lived intangible assets	27,709	27,709	27,909
Pension liability adjustments	96	96	140
Total other intangible assets	315,568	227,585	233,331
Total goodwill and other intangible assets	$ 2,260,421	$ 1,875,379	$ 1,894,063

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Activity related to goodwill and other intangible assets by business segment was as follows:

(in thousands)

	Scripps Networks	Newspapers	Broadcast Television	Interactive Media	Licensing and Other	Total
Goodwill:						
Balance as of December 31, 2004	$ 254,689	$ 783,464	$ 219,367		$ 18	$ 1,257,538
Business acquisitions		5,537		$ 411,844		417,381
Adjustment to purchase price allocation	(14,187)					(14,187)
Balance as of September 30, 2005	$ 240,502	$ 789,001				