

SCRIPPS E W CO /DE
Form 10-K
March 13, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2014 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 31-1223339
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

312 Walnut Street 45202
Cincinnati, Ohio (Zip Code)

(Address of principal executive offices)

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

Title of each class Name of each exchange on which registered
Securities registered pursuant to Section 12(b) of the New York Stock Exchange
Act:

Class A Common shares, \$.01 par value

Securities registered pursuant to Section 12(g) of the
Act:

Not applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities
Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act. Yes No

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained to the best of the registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="radio"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="radio"/> (do not check if a smaller reporting company)	Smaller reporting company <input type="radio"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the \$21.16 per share closing price for such stock on June 30, 2014, was approximately \$640,490,000. All Class A Common shares beneficially held by executives and directors of the registrant and descendants of Edward W. Scripps have been deemed, solely for the purpose of the foregoing calculation, to be held by affiliates of the registrant. There is no active market for our Common Voting shares.

As of January 31, 2015, there were 45,293,298 of the registrant’s Class A Common shares, \$.01 par value per share, outstanding and 11,932,722 of the registrant’s Common Voting shares, \$.01 par value per share, outstanding.

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2015 annual meeting of shareholders.

Index to The E. W. Scripps Company Annual Report
on Form 10-K for the Year Ended December 31, 2014

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As used in this Annual Report on Form 10-K, the terms “Scripps,” “Company,” “we,” “our” or “us” 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.

Additional Information

Our Company website is <http://www.scripps.com>. Copies of all of our SEC filings filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on this website as soon as reasonably practicable after we electronically file the material with, or furnish it to, the SEC. Our website also includes copies of the charters for our Compensation, Nominating & Governance and Audit Committees, our Corporate Governance Principles, our Insider Trading Policy, our Ethics Policy and our Code of Ethics for the CEO and Senior Financial Officers. All of these documents are also available to shareholders in print upon request or by request via e-mail to secretary@scripps.com.

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to our businesses. We base our forward-looking statements on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers’ tastes; newsprint prices; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words “believe,” “expect,” “anticipate,” “estimate,” “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 of the statement.

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PART I

Item 1. Business

We are a diverse, 136-year-old media enterprise with interests in television stations, newspapers, and local and national digital media sites. Our mission is to do well by doing good — providing value to customers, employees and owners by informing, engaging and empowering those we serve. We serve audiences and businesses through a growing portfolio of television, print and digital media brands. We own 21 local television stations, as well as daily newspapers in 13 markets across the United States. We also run an expanding collection of local and national digital journalism and information businesses including digital video news service Newsy and weather app developer WeatherSphere. We also produce television programming, run an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of the nation's largest, most successful and longest-running educational program, the Scripps National Spelling Bee. Founded in 1878, our motto is "Give light and the people will find their own way." For a full listing of our media companies and their associated websites, visit <http://www.scripps.com>.

On July 30, 2014, our Board of Directors approved an agreement under which Scripps would acquire the broadcast business of Journal Communications, Inc. ("Journal") and each would spin-off their newspaper businesses into a separate publicly traded company (the "Journal Transactions"). The newspaper company will be named Journal Media Group, combining the 13 Scripps newspapers with Journal's Milwaukee Journal Sentinel. After the completion of the transaction, Scripps will be the fifth-largest independent television operator in the U.S. with 33 stations in 24 markets, as well as owning 34 radio stations in eight markets.

Scripps and Journal shareholders voted to approve the Journal Transactions on March 11, 2015. The closing date of the Journal Transactions is currently scheduled for April 1, 2015.

On June 16, 2014, we acquired two television stations owned by Granite Broadcasting Corporation for \$110 million in cash. The acquisition included an ABC-affiliated station and a MyNetworkTV affiliate, which will be operated as a duopoly with our Detroit ABC affiliate.

On January 1, 2014, we acquired Media Convergence Group, which operates as Newsy, a digital video news provider, for \$35 million in cash. Newsy adds a new dimension to our video news strategy with a storytelling approach, specifically geared toward digital audiences.

Beginning in 2013, we expanded our digital sales force in many of our markets. We believe a broad deployment of additional sales resources supporting our digital initiatives will allow us to take advantage of opportunities in digital media. We hired more than 100 digital-only sales professionals for our television and newspaper segments between 2013 and 2014.

On December 30, 2011, we acquired the television station group owned by McGraw-Hill Broadcasting Company, Inc., for \$212 million in cash, plus a working capital adjustment of \$4.4 million. The acquisition included four ABC-affiliated television stations, as well as five Azteca America Spanish-language affiliates.

At the beginning of 2011, we signaled our commitment to developing our local digital media business by combining all of our digital initiatives into a single organization. Under the direction of our digital leadership, working closely with the leadership of both of our divisions, this focus is beginning to deliver long-term financial benefits as we find new and efficient platforms for bringing together advertisers and audiences. Under this structure, our digital media group develops products and offerings that enable our television stations and newspapers to provide unique and compelling content through the web, smartphones and tablets. The digital group also develops content and applications specifically for digital platforms to make the user experience unique. Our digital group drives the coordinated local and national digital sales efforts for our television and newspaper divisions.

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 provides 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 receives a fixed fee from Universal and continues to own certain copyrights and control the licenses for those properties and manages the business relationships with the creative talent that produces those comics and features.

Financial information for each of our business segments can be found under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Notes to Consolidated Financial Statements of this Form 10-K.

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Television

Scripps has operated broadcast television stations since 1947, when it launched Ohio's first television station, WEWS-TV, in Cleveland. Today, our television station group reaches approximately 14% of the nation's households and includes 11 ABC affiliates, three NBC affiliates and two independent stations, which we operate as duopolies with our Kansas City NBC affiliate and our Detroit ABC affiliate. We also own five Azteca America affiliates. We produce high-quality news and information content that informs and engages local and national communities. We distribute our content to four platforms — broadcast, web, smartphones and tablets. It is our objective to develop content and applications designed to enhance the user experience on each of those platforms. Our ability to cover our communities across multiple digital platforms allows us to expand our audiences beyond our traditional broadcast television boundaries.

Our digital sites offer comprehensive local news and information and user-generated content. We continue to enhance our online and digital services, using features such as long-form text articles, in addition to streaming video and audio, to deliver news and information. Many of our journalists routinely produce videos for consumption through our digital platforms and use an array of social media sites, such as Facebook, YouTube and Twitter, to communicate with and build our audiences. We have embraced mobile technology by offering our products on apps available on the Apple, Android, Kindle Fire and Windows 8 platforms.

We believe the most critical component of our product mix is compelling news content, which is an important link to the community and aids our stations' efforts to expand viewership. In addition, local news programming can provide local news viewers access to advertising sources specific to television. We have trained employees in our news departments to be multi-media journalists, allowing us to pursue a "hyper-local" strategy by having more reporters covering local news for our over-the-air and digital platforms. In 2014, a number of our television stations earned prestigious media industry awards, including the Edward R. Murrow Award and the Alfred I. duPont-Columbia Award.

In addition to news programming, our television stations run network programming, syndicated programming and internally produced programming. Some of the Scripps-owned programming on our television stations offers viewers an interactive experience. In 2012, we began a strategy to rely less on expensive syndicated programming and develop our own programming and that September, we launched two original shows — a new game show called Let's Ask America and a nightly infotainment magazine called The List. One or both of these shows is aired in the access hour just before prime time in 12 of our markets. We are also a partner in RightThisMinute, a daily news and entertainment program, which airs on 15 of our stations and reaches more than 90% of the country through syndication. We launched our fourth original show, The Now, in eight of our markets in the third quarter of 2014. The Now is a news show designed for a 4 p.m. audience and takes a deeper dive into the day's events. These four shows were developed internally or in partnership with others and replaced expensive syndicated content. We believe this strategy has the potential to improve our television division's financial performance for years to come.

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Information concerning our full-power television stations, their network affiliations and the markets in which they operate is as follows:

Station	Market	Network Affiliation/ DTV Channel	Affiliation Agreement Expires in	FCC License Expires in	Rank of Market (1)	Stations in Market (2)	Station Rank in Market (3)	Percentage of U.S. Television Households in Mkt (4)	Average Audience Share (5)
KNXV-TV	Phoenix, Ch. 15	ABC/15	2019	2022	11	13	3	1.6	% 6
WXYZ-TV	Detroit, Ch. 7	ABC/41	2019	2021	12	8	1	1.6	% 9
WMYD-TV	Detroit, Ch. 20	MY/21	2016	2021	12	8	6	1.6	% 2
WFTS-TV	Tampa, Ch. 28	ABC/29	2019	2021	13	12	4	1.6	% 5
KMGH-TV	Denver, Ch. 7	ABC/7	2019	2022	17	11	3	1.4	% 5
WEWS-TV	Cleveland, Ch. 5	ABC/15	2019	2021	19	8	3	1.3	% 8
WMAR-TV	Baltimore, Ch. 2	ABC/38	2019	2020	26	6	4	1.0	% 4
WRTV-TV	Indianapolis, Ch. 6	ABC/25	2019	2021	27	9	3	0.9	% 7
KGTV-TV	San Diego, Ch. 10	ABC/10	2019	2014 (6)	28	11	3	0.9	% 5
KSHB-TV	Kansas City, Ch. 41	NBC/42	2015	2022	31	8	4	0.8	% 6
KMCI-TV	Lawrence, Ch. 38	Ind./41	N/A	2022	31	8	6	0.8	% 1
WCPO-TV	Cincinnati, Ch. 9	ABC/22	2019	2021	36	5	2	0.8	% 8
WPTV-TV	W. Palm Beach, Ch. 5	NBC/12	2015	2021	38	7	1	0.7	% 10
WKBW-TV	Buffalo, Ch. 7	ABC/38	2018	2015	52	8	3	0.5	% 6
KJRH-TV	Tulsa, Ch. 2	NBC/8	2015	2022	60	10	4	0.5	% 7
KERO-TV	Bakersfield, Ch. 23	ABC/10	2019	2022	127	4	3	0.2	% 9

All market and audience data is based on the November 2014 Nielsen survey.

(1) Rank of Market represents the relative size of the television market in the United States.

(2) Stations in Market represents stations within the Designated Market Area per the Nielsen survey excluding public broadcasting stations, satellite stations, and lower-power stations.

(3) Station Rank in Market is based on Average Audience Share as described in (5).

(4) Percentage of U.S. Television Households in Market represents the number of U.S. television households in Designated Market Area as a percentage of total U.S. television households.

(5) Average Audience Share represents the number of television households tuned to a specific station from 6 a.m. to 2 a.m. M-SU, as a percentage of total viewing households in the Designated Market Area.

(6) Renewal application pending. Under FCC rules, a license is automatically extended pending FCC processing and granting of the renewal application.

Historically, we have been successful in renewing our expiring FCC licenses.

We also operate five low-power stations affiliated with the Azteca America network, a Hispanic network producing Spanish-language programming. The stations are clustered around our California and Denver stations.

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Revenue cycles and sources

Broadcast Advertising

We sell advertising to local, national and political customers. The sale of local, national and political commercial spots accounted for approximately 83% of the television segment's revenues in 2014. Pricing of advertising is based on audience size and share, the demographics of our audiences and the demand for our limited inventory of commercial time. Our television stations compete for advertising revenues with other sources of local media, including competitors' television stations in the same markets, radio stations, cable television systems, newspapers, digital platforms and direct mail.

Cyclical factors influence revenues from our core advertising categories. Some of the cycles are periodic and known well in advance, such as election campaign seasons and special programming events (e.g. the Olympics or the Super Bowl). For example, our NBC affiliates benefit from incremental advertising demand from the coverage of the Olympics. Economic cycles are less predictable and beyond our control.

Advertising revenues increase significantly during even-numbered years when local, state and federal elections occur.

Due to increased demand in the spring and holiday seasons, the second and fourth quarters normally have higher advertising revenues than the first and third quarters.

Retransmission Revenues

We earn revenues from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. Retransmission revenues were 12% of television segment operating revenues in 2014. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. The revenue we receive is typically based on the number of subscribers the MVPD has in our local market. There are approximately 14.7 million subscribers to MVPD services in our markets. We renewed contracts covering 5.6 million subscribers which expired at the end of 2014. When we have renewed retransmission consent agreements, they have generally been at higher rates.

Prior to the spin-off in 2008 of Scripps Networks Interactive (SNI), we granted retransmission rights to MVPDs in exchange for carriage of cable networks. Pursuant to an agreement entered into as part of the spin-off, SNI pays us an annual fee for carriage of our broadcast signals by certain MVPDs, including Comcast and Time Warner Cable. Our agreement with Time Warner Cable expires at the end of 2015, and our Comcast agreement expires at the end of 2019.

Our retransmission consent agreements with MVPD providers expire through 2019. The number of subscribers to those services by year of renewal is as follows: 3.0 million in 2015, 3.0 million in 2016, 1.4 million in 2017, 4.7 million in 2018 and 2.6 million in 2019. These renewals do not contemplate the impact of the proposed Time Warner Cable and Comcast merger.

Digital Revenues

We sell advertising across all our digital platforms. Digital advertising provided approximately 4% of our television segment operating revenues in 2014. Digital advertising includes fixed-duration campaigns whereby, for a fee, a video preroll, a banner, text or other advertisement appears for a specified period of time; impression-based campaigns where the fee is based on the number of times the advertisement appears in webpages viewed by a user; and click-through campaigns where the fee is based on the number of users who click on an advertisement and are directed to the advertisers' websites. We use a variety of audience-extension programs to enhance the reach of our websites and

garner a larger share of local advertising dollars that are spent online. We also offer our local advertising customers additional marketing services, such as managing their search engine marketing campaigns.

In late 2013, we launched a subscription model for in-depth news content features on the website of our Cincinnati station, WCPO. In 2014, we began charging the users of WCPO.com a subscription fee to access premium content. Depending on the success of the WCPO subscription model, we may consider launching similar models in additional television markets in future years.

Other

In addition to selling commercials during our programming, we also offer marketing opportunities for our business customers, including sponsorships and community events.

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Expenses

Employee costs accounted for 55% of segment costs and expenses in 2014.

We have been centralizing certain functions at company-owned hubs that do not require a presence in the local markets, enabling each of our stations to focus local resources on the creation of content and revenue-producing activities.

Programming costs, which include syndicated programming, shows produced for us or in partnership with others, and network affiliation fees, were 16% of total segment costs and expenses in 2014. Our ABC and NBC network-affiliated stations pay the networks for the programming that is supplied to us in various dayparts. Our network affiliation agreements also require us to pay a portion of retransmission revenues above a threshold to the network.

Federal Regulation of Broadcasting — Broadcast television is subject to the jurisdiction of the FCC pursuant to the Communications Act of 1934, as amended (“Communications Act”). The Communications Act prohibits the operation of broadcast television stations except in accordance with a license issued by the FCC and empowers the FCC to revoke, modify and renew broadcast television licenses, approve the transfer of control of any entity holding such licenses, determine the location of stations, regulate the equipment used by stations and adopt and enforce necessary regulations. The FCC also exercises limited authority over broadcast programming by, among other things, requiring certain children's programming and limiting commercial content therein, regulating the sale of political advertising and the distribution of emergency information, and restricting indecent programming. The FCC also requires television broadcasters to close caption their programming for the benefit of the hearing impaired and to ensure that any of their programming that is later transmitted via the Internet is captioned. Network-affiliated broadcasters in larger markets must also offer audio narration of certain television programming for the benefit of the visually impaired.

Broadcast television licenses are granted for a term of up to eight years and are renewable upon request, subject to FCC review of the licensee's performance. All the Company's applications for license renewal during the current renewal cycle have been granted for full terms except the timely-filed applications of stations KGTV and WKBW-TV that await Commission action. While there can be no assurance regarding the renewal of our broadcast television licenses, we have never had a license revoked, have never been denied a renewal, and all previous renewals have been for the maximum term.

FCC regulations govern the ownership of television stations and other media. Under the FCC's current rules, a license for a television station will generally not be granted or renewed if the grant of the license would result in (i) the applicant owning or controlling more than one television station, or in some markets under certain conditions, more than two television stations in the same market (the “television duopoly rule”), or (ii) the grant of the license would result in the applicant's owning or controlling television stations whose total national audience reach exceeds 39% of all television households. The FCC also has generally prohibited “cross ownership” of a television station and a daily newspaper in the same community. The FCC is currently revisiting its newspaper-broadcast rule, and an expected change in the manner of measuring the rule's geographic scope could bring the Company's Treasure Coast newspapers and nearby station WPTV-TV within the rule's terms, but the FCC in the past has permitted the continuation of such preexisting relationships after a rule change. In addition, the FCC has modified its rules to impose the television duopoly rule's ownership restrictions on independent stations within a market that engage in joint advertising sales, and it is considering imposing disclosure and other limits on local stations that share facilities or services such as program production. Station WPTV-TV has entered into such a shared program services agreement with another local station. We cannot predict the outcome of the FCC's ongoing consideration of these ownership issues or the effect of any FCC revision of these policies on our stations' operations or our business.

The FCC has concluded that the transition to more efficient digital television broadcasting permits further reductions in the amount of spectrum allocated to over-the-air broadcasting. In order to provide additional spectrum for mobile

broadband services, Congress granted the FCC authority to conduct spectrum auctions in which some broadcasters would voluntarily give up spectrum in return for a share of the auction proceeds. While the FCC has adopted a broad framework for the auction, numerous critical issues remain unresolved, and broadcasters are appealing certain FCC decisions to a reviewing court, objecting, for example, to the standard the FCC intends to use in calculating stations' protected service contours during the necessary "repacking" of the broadcast spectrum post-auction and to the limited time the FCC plans to allocate for repacking to be completed. The FCC's chairman has recently announced a delayed schedule whereby the agency would finalize the auction procedures during 2015 and then hold the auction in 2016. Broadcasters support sufficient delay to permit the FCC to better address the variety of complex issues associated with this auction, including encouraging broadcasters' voluntary participation, adequately compensating those stations that will be required to change their facilities due to the repacking of the remaining broadcast spectrum, and protecting the remaining television stations from a reduction of their over-the-air coverage. Implementing the required changes in television stations' frequency use will be costly, and stations located near the Canadian and Mexican borders are at particular risk of service loss due to the need to coordinate international frequency use. The

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repacking of broadcast spectrum could also have particular adverse effects on the ability of low-power television stations to offer service, since these stations enjoy only “secondary” status and would not be protected from interference caused by a full-power station that was forced to relocate. Separately, the FCC has issued rules and authorizations permitting the non-broadcast use of broadcast spectrum in the “white spaces” between stations' service areas despite broadcaster concerns about harmful interference to their operations. We cannot predict the effect of these proceedings on our offering of digital television service or our business.

Broadcast television stations generally enjoy “must-carry” rights on any cable television system defined as “local” with respect to the station. Stations may waive their must-carry rights and instead negotiate retransmission consent agreements with local cable companies. Similarly, satellite carriers, upon request, are required to carry the signal of those television stations that request carriage and that are located in markets in which the satellite carrier chooses to retransmit at least one local station, and satellite carriers cannot carry a broadcast station without its consent. The Company has elected to negotiate retransmission consent agreements with cable operators and satellite carriers for both our network-affiliated stations and our independent stations. Some members of Congress have urged the FCC to address concerns about cable and satellite subscribers occasionally losing television service during retransmission consent negotiations, and the FCC initiated a rulemaking proceeding to reexamine the process. While the FCC has concluded that it lacks authority to require arbitration or mandate station carriage, it has determined to restrict the practice whereby some independently owned stations in a market would jointly negotiate retransmission consent rights, and it is seeking additional comment on whether it should eliminate the “network nonduplication” and “syndicated exclusivity” rules that permit broadcasters to enforce certain contractual programming exclusivity rights through the FCC's processes rather than by judicial proceedings. We cannot predict the outcome of these proceedings or their possible impact on the Company.

Other proceedings before the FCC and the courts are reexamining policies that now protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC has initiated a rulemaking proceeding on the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to multi-channel video programming distributors (“MVPDs”), such as cable operators and satellite systems. This proceeding raises a variety of issues, including whether Internet-based distributors might be able to take advantage of MVPDs' statutory copyright licensing rights. Other ongoing copyright-related proceedings involve, for example, the legality of digital recorders that can automatically remove commercials from broadcast programming during playback. We cannot predict the outcome of these and other proceedings that address the use of new technologies to challenge traditional means of redistributing broadcast programming or their possible impact on the Company.

During recent years, the FCC has considered substantially increasing its scrutiny of broadcasters' programming practices. In particular, it has heightened its attention to enforcement of the restrictions on indecent programming. Congress' decision to greatly increase the financial penalty for airing such programming has also increased the threat to broadcasters from such enforcement. Litigation continues over the scope of the FCC's authority to regulate indecency, and substantial uncertainty remains concerning FCC indecency enforcement. In addition, the FCC continues to consider requiring far more detailed reporting of television stations' public service-related programming, and it now requires the online posting of stations' public inspection files, including their political sales files. The FCC also continues to maintain an open docket addressing how the evolution of digital media may be affecting children, including whether commercial television broadcasters are adequately addressing children's educational needs and whether steps should be taken to better protect children from exposure to potentially harmful media content, including harmful advertising messages. We cannot predict the outcome of these proceedings or their possible impact on the Company.

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Newspapers

We have operated newspapers since 1878, when our founder, Edward W. Scripps, began publishing the Penny Press in Cleveland, Ohio. Today, the Scripps newspaper division operates in 13 local markets across the United States. We produce content that informs and engages local communities. We distribute our content primarily to four platforms — print, web, smartphones and tablets. It is our objective to develop content and applications designed to enhance the user experience on each of those platforms. Our ability to serve our communities by providing content across multiple digital platforms allows us to expand our audiences beyond our traditional print boundaries.

Our digital sites offer comprehensive local news and information and user-generated content. We continue to enhance our digital offerings, using features such as streaming video and audio, to deliver our news and information content. Many of our journalists routinely produce videos for consumption through our websites and use an array of social media sites, such as Facebook, YouTube and Twitter, to communicate with and build our audiences. We have embraced mobile technology by offering our products on apps available on the Apple, Android, Kindle Fire and Windows 8 platforms.

We believe all of our newspapers have an excellent reputation for journalistic quality and content, which we believe is key to retaining readership. Our newspapers were recognized during 2014 by various regional and national journalism organizations for high-quality reporting across multiple platforms.

Over the years, we have supplemented our daily newspapers with an array of niche products, including direct mail advertising, total market coverage publications, zoned editions, specialty publications and event-based publications. These product offerings allow existing advertisers to reach their target audiences in multiple ways, while giving us a portfolio of products with which to acquire new clients, particularly small- and mid-sized advertisers.

The daily circulation, which includes print and E-edition, for our newspaper markets and audiences that we serve is as follows:

(in thousands)(1)	2014	2013	2012	2011	2010
Abilene (TX) Reporter-News	18	21	22	24	24
Anderson (SC) Independent-Mail	19	21	22	23	23
Corpus Christi (TX) Caller-Times	35	39	42	43	45
Evansville (IN) Courier & Press	41	43	47	52	52
Henderson (KY) Gleaner	7	8	9	10	10
Kitsap (WA) Sun	18	19	20	21	23
Knoxville (TN) News Sentinel	71	73	80	92	93
Memphis (TN) Commercial Appeal	85	88	96	109	118
Naples (FL) Daily News	51	58	59	54	63
Redding (CA) Record-Searchlight	18	19	20	21	22
San Angelo (TX) Standard-Times	16	17	18	18	18
Treasure Coast (FL) News/Press/Tribune (2)	59	67	69	76	75
Ventura County (CA) Star	46	49	54	62	65
Wichita Falls (TX) Times Record News	18	19	22	22	23
Total Daily Circulation	502	541	580	627	654

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Circulation information for the Sunday edition of our newspapers is as follows:

(in thousands)(1)	2014	2013	2012	2011	2010
Abilene (TX) Reporter-News	23	25	28	31	31
Anderson (SC) Independent-Mail	27	27	28	30	29
Corpus Christi (TX) Caller-Times	46	51	55	58	58
Evansville (IN) Courier & Press	57	61	68	73	74
Henderson (KY) Gleaner	8	9	10	11	11
Kitsap (WA) Sun	20	21	23	23	24
Knoxville (TN) News Sentinel	96	100	108	121	116
Memphis (TN) Commercial Appeal	120	124	131	147	151
Naples (FL) Daily News	59	70	71	65	73
Redding (CA) Record-Searchlight	21	21	23	24	25
San Angelo (TX) Standard-Times	18	20	22	22	21
Treasure Coast (FL) News/Press/Tribune (2)	75	84	88	94	95
Ventura County (CA) Star	59	64	74	81	82
Wichita Falls (TX) Times Record News	20	22	25	25	26
Total Sunday Circulation	649	699	754	805	816

Based on Audit Bureau of Circulation Publisher's Statements ("Statements") for the six-month periods ended (1) September 30, except figures for the Naples Daily News and the Treasure Coast News/Press/Tribune, which are from the Statements for the 12-month periods ended September 30.

(2) Represents the combined daily and Sunday circulation of The Stuart News, the Indian River Press Journal and The St. Lucie News Tribune.

Revenue sources

Our newspapers derive revenue by selling marketing and advertising services to businesses in our markets and our news and information content to subscribers.

Advertising

We believe that compelling news and information content and a diverse portfolio of product offerings on multiple platforms are critical components to garnering the most profitable share of local advertising dollars in our markets. Our range of products and audience reach give us the ability to deliver the specific audiences desired by our advertisers. While many advertisers want the broad reach delivered by our daily newspaper, others want to target their message by demography, geography, buying habits or consumer behavior. We develop advertising campaigns that utilize products within our portfolio to best reach the advertisers' targeted audience with the appropriate frequency. We sell advertising based upon audience size, demographics, price and effectiveness. Advertising rates and revenues vary among our newspapers depending on circulation, type of advertising, local market conditions and competition. Each of our newspapers operates in highly competitive local media marketplaces, where advertisers and media consumers can choose from a wide range of alternatives, including other news publications, radio, broadcast and cable television, magazines, Internet sites, outdoor advertising, directories and direct mail products.

Print advertising

Print advertising provided approximately 55% of newspaper segment operating revenues in 2014. Print advertising includes Run-of-Press ("ROP") advertising, preprinted inserts, advertising in niche publications, and direct mail. Advertisements, located throughout the newspaper, include local, classified and national advertising. Local advertising refers to any advertising purchased by in-market advertisers that is not included in the paper's classified section. Classified advertising includes all auto, real estate and help-wanted advertising and other ads listed together in sequence by the nature of the ads. National advertising includes advertising purchased by businesses outside our local market. National advertisers typically procure advertising from numerous newspapers using advertising agency buying services. Preprinted inserts are stand-alone, multi-page circulars inserted into and distributed with the daily

newspaper, niche publications and shared mail products.

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Digital advertising and marketing services

We sell advertising across all our digital platforms. Digital advertising provided approximately 7% of our newspaper segment operating revenues in 2014. Digital advertising includes fixed duration campaigns whereby a banner, text or other advertisement appears for a specified period of time for a fee; impression-based campaigns where the fee is based on the number of times the advertisement appears in webpages viewed by a user; and click-through campaigns where the fee is based on the number of users who click on an advertisement and are directed to the advertisers' websites. We use a variety of audience-extension programs to enhance the reach of our websites and garner a larger share of local advertising dollars that are spent online. We also offer our local advertising customers additional marketing services, such as managing their search engine marketing campaigns.

Circulation (subscriptions)

We deliver our news and other content on four platforms — print, web, smartphones and tablets. In the third quarter of 2013, we completed the implementation of a strategy to meter the access to content that is delivered on our digital platforms. We introduced bundled subscription offerings for our print and digital products in all of our markets in 2013. Under our bundled model, home delivery subscribers receive access to all of our newspaper content on all digital platforms, and only limited digital content is available to non-subscribers. We also offer digital-only subscriptions.

Approximately 30% of our total revenue comes from readers who pay us to receive a printed newspaper. Our print product may be delivered directly to subscribers (home delivery) or purchased from a retail store or vending machine (single copy). Home delivery copies account for more than 80% of our total daily subscription revenues.

Daily and Sunday circulation has declined during the past five years, due in part to readers who consume more news and information through the Internet or on mobile devices. Some of the declines are due to a deliberate decision to eliminate distribution to outlying areas. More recently, we have implemented marketing and pricing strategies intended to stabilize home delivery subscription revenues.

Expenses

Our newspaper business is characterized as having high fixed costs with much of our expense base dedicated to employees and production and distribution capabilities.

Employees — Employee costs accounted for approximately 45% of segment costs and expenses in 2014. Our workforce is comprised of non-union and union employees. See "Employees." During the past five years, we have reduced our workforce from 3,000 employees to approximately 2,100.

Distribution — We primarily outsource the physical distribution of our products to independent contractors. Distribution costs are affected by the cost of fuel and the number of papers being delivered. We also coordinate the distribution of other publications, such as The Wall Street Journal and Barron's, in a number of our markets.

Newsprint — We consumed approximately 48,000 metric tons of newsprint in 2014. Newsprint is a basic commodity and its price is sensitive to changes in the balance of worldwide supply and demand. Mill closures and industry consolidation have decreased overall newsprint production capacity and could lead to future price increases. We purchase newsprint from various suppliers, many of which are Canadian. Based on our expected newsprint consumption, we believe our supply sources are sufficient.

Capital Expenditures

During the past several years, our newspaper operations have consumed a historically low level of capital for ongoing operations. We will continue to make necessary investments to maintain the physical operations and to ensure employee safety. We will focus additional capital on projects that expand our ability to deliver news and improve sales, which will likely include software development and technological capabilities that improve audience or revenue growth directly.

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Syndication and Other

Syndication and other primarily includes certain digital operations outside of our television and newspaper markets and syndication of news features and comics. Under the trade name United Media, we distribute news columns, comics and other features for the newspaper industry. Newspapers typically pay a weekly fee for their use of the features. Newsy, a digital video news service, and WeatherSphere, a provider of weather-related mobile apps, are also included in syndication and other.

In 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 provides 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 receives a fixed fee from Universal and continues to own certain copyrights and control the licenses for those properties, and manages the business relationships with the creative talent that produces those comics and features.

Employees

As of December 31, 2014, we had approximately 4,800 full-time equivalent employees, of whom approximately 2,000 were with television, 2,100 with newspapers and 400 with our digital operations. Various labor unions represent approximately 600 employees, 300 of which are in television and 300 are in newspapers. We have not experienced any work stoppages at our current operations since 1985. We consider our relationships with our employees to be generally satisfactory.

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Item 1A. Risk Factors

For an enterprise as large and complex as ours, a wide range of factors could materially affect future developments and performance. The most significant factors affecting our operations include the following:

We derive the majority of our revenues from marketing and advertising spending by businesses, which is affected by numerous factors. Declines in advertising revenues will adversely affect the profitability of our business.

The demand for advertising on our television stations or in our newspapers is sensitive to a number of factors, both locally and nationally, including the following:

The advertising and marketing spending by our customers can be subject to seasonal and cyclical variations and are likely to be adversely affected during economic downturns.

Television advertising revenues in even-numbered years benefit from political advertising, which are affected by campaign finance laws, as well as the competitiveness of the campaigns in the markets where our television stations operate.

The impact of advertiser consolidation and contraction in our local markets. The majority of the broadcast and print advertising is sold to local businesses in our markets. Continued consolidation and contraction of local advertisers could adversely impact our operating results.

The size and demographics of the audience reached by advertisers through our media businesses. Continued declines in our newspaper circulation could have an effect on the rate and volume of advertising, which are dependent on the size and demographics of the audience we provide to our advertisers. Television audiences have also fragmented in recent years as the broad distribution of cable and satellite television has greatly increased the options available to the viewing public. Continued fragmentation of television audiences could adversely impact the rates we obtain for advertising.

Our television stations have significant exposure to automotive advertising. Advertising revenue from the automotive category represented approximately 22% and 26% of our total advertising revenue in our television segment for 2014 and 2013, respectively.

If we are unable to respond to any or all of these factors, our advertising revenues could decline and affect our profitability.

Our local media businesses operate in a changing and increasingly competitive environment. We must continually invest in new business initiatives and modify strategies to maintain our competitive position. Investment in new business strategies and initiatives could disrupt our ongoing business and present risks not originally contemplated. The profile of our newspaper and television audience has shifted dramatically in recent years as readers and viewers access news and other content online or through mobile devices and as they spend more discretionary time with social media. While slow and steady declines in audiences have been somewhat offset by growing viewership on digital platforms, digital advertising rates are typically much lower than print and broadcast advertising rates on a cost-per-thousand basis. This audience shift results in lower profit margins. To remain competitive we must adjust business strategies and invest in new business initiatives, particularly within digital media. Development of new products and services may require significant costs. The success of these initiatives depends on a number of factors, including timely development and market acceptance. Investments we make in new strategies and initiatives may not perform as expected.

Programmatic advertising models that allow advertisers to buy audiences at scale or through automated processes may begin to play a more significant role in the local television advertising marketplace, causing downward pricing pressure and resulting in a loss of revenue that could materially adversely affect broadcast operations.

Several national advertising agencies are now looking at an automated process known as “programmatic buying” to reduce costs related to buying local TV spot advertising. Growth in advertising revenues will rely in part on the ability to maintain and expand relationships with existing and future advertisers. The implementation of a programmatic model, where automation replaces existing pricing and allocation methods, could turn local advertising inventory into a price-driven commodity, reducing the value of these relationships and related revenues. Scripps cannot predict the pace at which programmatic buying will be adopted or utilized in the broadcast industry. Widespread adoption

causing downward pricing pressure could result in a loss of revenue and materially adversely affect future broadcast operations.

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Our print newspaper business is in secular decline. Our profitability may be adversely affected if we are unsuccessful in creating other revenue opportunities or in aligning costs with declining revenues.

In recent years, the advertising industry generally has experienced a secular shift toward digital advertising and away from other traditional media. In addition, the Company's newspaper circulation has declined, reflecting general trends in the newspaper industry, including consumer migration toward the Internet and other media for news and information. The Company faces increasing competition from other digital sources for both advertising and subscription revenues. This competition has intensified as a result of the continued development of digital media technologies. Distribution of news, entertainment and other information over the Internet, as well as through smartphones, tablets and other devices, continues to increase in popularity. These technological developments are increasing the number of media choices available to advertisers and audiences. As media audiences fragment, the Company expects advertisers to continue to allocate larger portions of their advertising budgets to digital media. In response to the ongoing secular changes, we must continually monitor and align our cost structure to the declining revenues. The alignment of our costs includes measures such as reduction in force initiatives, standardization and centralization of systems and processes, outsourcing of certain financial processes and the implementation of new software for our circulation, advertising and editorial systems.

If we are unsuccessful in creating other revenue opportunities or aligning our costs with declining revenues, our profitability could be affected.

A significant portion of our operating cost for the newspaper segment is newsprint, so an increase in price or reduction in supplies may adversely affect our operating results.

Newsprint is a significant component of the operating cost of our newspaper operations, comprising 9% of newspaper costs in 2014. The price of newsprint has historically been volatile, and increases in the price of newsprint could materially reduce our operating results. In addition, the continued reduction in the capacity of newsprint producers increases the risk that supplies of newsprint could be limited in the future.

The loss of affiliation agreements could adversely affect our television stations' operating results.

Eleven of our stations have affiliations with the ABC television network and three have affiliations with the NBC television network. These television networks produce and distribute programming in exchange for each of our stations' commitment to air the programming at specified times and for commercial announcement time during the programming. These television networks produce and distribute programming which Scripps' stations commit to air at specified times. Networks sell commercial announcement time during the programming, and require stations to pay fees on the right to carry programming. These fees may be a percentage of retransmission revenues that the stations receive (see below) or may be fixed amounts. There is no assurance that Scripps will be able to reach agreements with networks about the amount of these fees.

The non-renewal or termination of our network affiliation agreements would prevent us from being able to carry programming of the relevant network. Loss of network affiliation would require us to obtain replacement programming, which may involve higher costs and may not be as attractive to its target audiences, resulting in lower advertising revenues. In addition, loss of network affiliation would result in materially lower retransmission revenue, particularly in the case of the "Big 4" networks, such as our affiliations with ABC and NBC.

Our retransmission consent revenue may be adversely affected by renewals of retransmission consent agreements and network affiliation agreements, by consolidation of cable or satellite television systems, or by new technologies for the distribution of broadcast programming.

As our retransmission consent agreements expire, there can be no assurance that we will be able to renew them at comparable or better rates. As a result, retransmission revenues could decrease and retransmission revenue growth could decline over time. Major networks that we are affiliated with currently require us to share our retransmission revenue with them. There can be no assurance that these networks will not require an increase in their share of this revenue as a condition to the renewal of our affiliation agreements. If an MVPD in our markets acquires additional

distribution systems, our retransmission revenue could be adversely affected if our retransmission agreement with the acquiring MVPD has lower rates or a longer term than our retransmission agreement with the MVPD whose systems are being sold.

The use of new technologies to redistribute broadcast programming, such as those that rely upon the Internet to deliver video programming or those that receive and record broadcast signals over the air via an antenna and then retransmit that information digitally to customers' computer or mobile devices, could adversely affect Scripps' retransmission revenue if such

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technologies are not found to be subject to copyright law restrictions or to regulations that apply to MVPDs such as cable operators or satellite carriers.

Changes in the Communications Act of 1934, as amended (the “Communications Act”), or the FCC’s rules with respect to the negotiation of retransmission consent agreements between broadcasters and MVPDs could also adversely impact Scripps’ ability to negotiate acceptable retransmission consent agreements. In addition, continued consolidation among cable television operators could adversely impact Scripps’ ability to negotiate acceptable retransmission consent agreements. In February 2014, Comcast Corporation, the largest cable television operator, announced that it was acquiring Time Warner Cable, Inc., which is the second largest cable television operator. In May 2014, AT&T announced that it was acquiring DIRECTV, the largest direct-to-home satellite provider. Both transactions remain subject to regulatory approvals of the Department of Justice and the FCC.

There are proceedings before the FCC and legislation has been proposed in Congress reexamining policies that now protect television stations' rights to control the distribution of their programming within their local service areas. For example, in a dispute that does not directly involve broadcasting, the FCC's Media Bureau is seeking comment on the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to MVPDs. Should the FCC determine that Internet-based distributors may avoid its MVPD rules, broadcasters' ability to rely on the protection of the MVPD retransmission consent requirements could be jeopardized. Scripps cannot predict the outcome of these and other proceedings that address the use of new technologies to challenge traditional means of redistributing broadcast programming or their possible impact on Scripps’ operations. Our television stations are subject to government regulations which, if revised, could adversely affect our operating results.

Pursuant to FCC rules, local television stations must elect every three years to either (1) require cable operators and/or direct broadcast satellite carriers to carry the stations’ over the air signals or (2) enter into retransmission consent negotiations for carriage. At present, all of our stations have retransmission consent agreements with cable operators and satellite carriers. If our retransmission consent agreements are terminated or not renewed, or if our broadcast signals are distributed on less-favorable terms than our competitors, our ability to compete effectively may be adversely affected.

If we cannot renew our FCC broadcast licenses, our broadcast operations will be impaired. Our television business depends upon maintaining our broadcast licenses from the FCC, which has the authority to revoke licenses, not renew them, or renew them only with significant qualifications, including renewals for less than a full term. We cannot assure that future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect our operations. If the FCC fails to renew any of our licenses, it could prevent us from operating the affected stations. If the FCC renews a license with substantial conditions or modifications (including renewing the license for a term of fewer than eight years), it could have a material adverse effect on the affected station’s revenue-generation potential.

The FCC is developing standards to accomplish the repurposing of a substantial amount of the spectrum now allocated to broadcast television through a novel “incentive auction” process. Television licensees are being encouraged to voluntarily relinquish their licensed spectrum in return for a share of the auction’s proceeds, and the broadcast spectrum that remains post-auction will be “repacked” in order to permit efficient use of the repurposed spectrum by the wireless industry buyers. Broadcasters are concerned that the FCC is not adequately adhering to Congress’ direction that those television licensees who choose to retain their spectrum should not be affected adversely. If the FCC’s auction processes do not adequately protect stations’ service areas from interference or do not provide adequate time and compensation to broadcasters for what is expected to be a major post-auction rearrangement of the broadcast spectrum, this could have a material adverse effect on the affected stations and on the Company.

The FCC and other government agencies are considering various proposals intended to promote consumer interests, including proposals to encourage locally-focused television programming and to restrict certain types of advertising to children. New government regulations affecting the television industry could raise programming costs, restrict broadcasters' operating flexibility, reduce advertising revenues, raise the costs of delivering broadcast signals, or otherwise affect our operating results. We cannot predict the nature or scope of future government regulation or its impact on our operations.

There are proceedings before the FCC and the courts reexamining policies that now protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC has initiated a rulemaking proceeding on the degree to which an entity relying upon the Internet to deliver video

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programming should be subject to the regulations that apply to multi-channel video programming distributors (“MVPDs”) such as cable operators and satellite systems. This proceeding raises a variety of issues, including whether Internet-based video distributors might be able to take advantage of MVPDs' statutory copyright licensing rights. Other ongoing copyright disputes involve, for example, the legality of digital recorders that can automatically remove commercials from broadcast programming during playback. We cannot predict the outcome of these and other proceedings that address the use of new technologies to challenge traditional means of redistributing broadcast programming or their possible impact on the Company.

Sustained increases in costs of employee health and welfare plans and funding requirements of our pension obligations may reduce the cash available for our business.

Employee compensation and benefits account for approximately 50% of our total operating expenses. In recent years, we have experienced significant increases in employee benefit costs. Various factors may continue to put upward pressure on the cost of providing medical benefits. Although we have actively sought to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce the profitability of our businesses.

The projected benefit obligations of our pension plans exceed plan assets by \$141 million at December 31, 2014. In 2009, we froze the accrual of service credits under our defined benefit pension plans that cover a majority of our employees, including our Supplemental Executive Retirement Plan (“SERP”). Our pension plans invest in a variety of equity and debt securities, many of which were affected by the disruption in the credit and capital markets in 2008 and 2009. Future volatility and disruption in the stock and bond markets could cause further declines in the asset values of our pension plans. In addition, a decrease in the discount rate used to determine minimum funding requirements could result in increased future contributions. If either occurs, we may need to make additional pension contributions above what is currently estimated, which could reduce the cash available for our businesses.

We may be unable to effectively integrate any new business we acquire.

We may make future acquisitions and could face integration challenges and acquired businesses could significantly under-perform relative to our expectations. If acquisitions are not successfully integrated, our revenues and profitability could be adversely affected and impairment charges may result if acquired businesses significantly under-perform relative to our expectations.

Scripps faces cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of its operations, damage to its brands and reputation, legal exposure and financial losses.

Security breaches, computer malware or other “cyber attacks” could harm Scripps’ business by disrupting its delivery of services, jeopardizing Scripps’ confidential information and that of its vendors and clients, and damaging its reputation. Scripps’ operations are expected to routinely involve receiving, storing, processing and transmitting sensitive information. Although Scripps monitors its security measures regularly and believes it is not in a key target industry, any unauthorized intrusion, malicious software infiltration, theft of data, network disruption, denial of service, or similar act by any party could disrupt the integrity, continuity, and security of Scripps’ systems or the systems of its clients or vendors. These events could create financial liability, regulatory sanction, or a loss of confidence in our ability to protect information, and adversely affect our revenue by causing the loss of current or potential clients.

Ownership of our Common Voting shares could inhibit potential changes of control.

Certain descendants of Edward W. Scripps own approximately 93% of our Common Voting shares and are signatories to the Scripps Family Agreement, which governs the transfer and voting of Common Voting shares held by them. As a result of the foregoing, these descendants have the ability to elect two-thirds of the Board of Directors and to direct the outcome of any matter on which Ohio law does not require a vote of the Class A Common shares. Because this concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction, the market price of our Class A Common shares could be adversely affected.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own substantially all of the facilities and equipment used by our television stations. We own, or co-own with other broadcast television stations, the towers used to transmit our television signals.

We own substantially all of the facilities and equipment used in our newspaper operations.

Item 3. Legal Proceedings