

SCRIPPS E W CO /DE
Form 10-Q
November 09, 2012
[Table of Contents](#)

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 EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2012

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)

Edgar Filing: SCRIPPS E W CO /DE - Form 10-Q

Ohio
(State or other jurisdiction of
incorporation or organization)

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

312 Walnut Street

Cincinnati, Ohio
(Address of principal executive offices)

45202
(Zip Code)

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

Not Applicable

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of October 31, 2012 there were 43,024,744 of the Registrant's Class A Common shares outstanding and 11,932,735 of the Registrant's Common Voting shares outstanding.

Table of Contents

INDEX TO THE E. W. SCRIPPS COMPANY

REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Item No.		Page
<u>PART I - FINANCIAL INFORMATION</u>		
1	<u>Financial Statements</u>	3
2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	3
3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	3
4	<u>Controls and Procedures</u>	3
<u>PART II - OTHER INFORMATION</u>		
1	<u>Legal Proceedings</u>	3
1A	<u>Risk Factors</u>	3
2	<u>Unregistered Sales of Equity and Use of Proceeds</u>	4
3	<u>Defaults Upon Senior Securities</u>	4
4	<u>Mine Safety Disclosures</u>	4
5	<u>Other Information</u>	4
6	<u>Exhibits</u>	4
	<u>Signatures</u>	5

Table of Contents

PART I

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

ITEM 1. FINANCIAL STATEMENTS

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

PART II

ITEM 1. LEGAL PROCEEDINGS

We are involved in litigation arising in the ordinary course of business, such as defamation actions and governmental proceedings primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

ITEM 1A. RISK FACTORS

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, except to the following risk factor which has been updated:

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

Approximately 90% of our Common Voting shares are held of record by The Edward W. Scripps Trust. This Trust terminated on October 18, 2012, and all of its assets, including the Common Voting shares, will be distributed in the near future to the Trust beneficiaries, who are descendants of E. W. Scripps, the founder of the Company. Certain beneficiaries of the Trust are signatories to an agreement that governs transfer and voting of the Common Voting shares. This agreement, known as the Scripps Family Agreement, became effective with the termination of the Trust. Upon distribution of the Trust's assets, Common Voting shares subject to the Scripps Family Agreement will represent approximately 98% of the Common Voting shares.

Until such distribution, the Trust will continue to be the record holder of the Common Voting shares. The trustees of the Trust have requested the Ohio Probate Court with jurisdiction over the Trust to authorize them to vote the Common Voting shares, during the period prior to distribution of the Trust assets, in accordance with procedures set forth in the Scripps Family Agreement.

Edgar Filing: SCRIPPS E W CO /DE - Form 10-Q

As a result of the foregoing, the trustees currently have, and the parties to the Scripps Family Agreement will have, the ability to elect two-thirds of the Board of Directors and to direct the outcome of any matter that 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.

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

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

The following table provides information about Company purchases of Class A Common shares during the quarter ended September 30, 2012 and the remaining amount that may still be repurchased under the program:

Period	Total number of shares purchased	Average price paid per share	Total market value of shares purchased	Maximum value that may yet be purchased under the plans or programs
7/1/12 - 7/31/12	143,600	\$ 9.47	\$ 1,359,675	\$ 5,850,112
8/1/12 - 8/31/12	392,500	\$ 10.14	\$ 3,980,532	\$ 1,869,580
9/1/12 - 9/30/12	170,160	\$ 10.68	\$ 1,869,580	\$
Total	706,260	\$ 10.13	\$ 7,209,787	

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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

ITEM 4. MINE SAFETY DISCLOSURE

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 9, 2012

THE E. W. SCRIPPS COMPANY

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

Table of Contents

THE E. W. SCRIPPS COMPANY

Index to Financial Information

<u>Item</u>	<u>Page</u>
<u>Condensed Consolidated Balance Sheets</u>	F-2
<u>Condensed Consolidated Statements of Operations</u>	F-4
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	F-5
<u>Condensed Consolidated Statements of Cash Flows</u>	F-6
<u>Condensed Consolidated Statements of Equity</u>	F-7
<u>Condensed Notes to Consolidated Financial Statements</u>	F-8
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	F-20
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	F-28
<u>Controls and Procedures</u>	F-29

F-1

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

<i>(in thousands)</i>	As of September 30, 2012	As of December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 209,668	\$ 127,889
Restricted cash	10,010	10,010
Accounts and notes receivable (less allowances -\$2,445 and \$1,885)	119,444	135,537
Inventory	6,484	6,783
Deferred income taxes	7,662	7,228
Income taxes receivable	9,358	29,785
Miscellaneous	7,731	8,178
 Total current assets	 370,357	 325,410
 Investments	 25,546	 23,214
Property, plant and equipment	369,909	387,972
Goodwill	27,966	28,591
Intangible assets	146,535	151,858
Deferred income taxes	25,435	32,705
Miscellaneous	18,461	20,778
 TOTAL ASSETS	 \$ 984,209	 \$ 970,528

See notes to condensed consolidated financial statements.

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

<i>(in thousands, except share data)</i>	As of September 30, 2012	As of December 31, 2011
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 19,215	\$ 17,697
Customer deposits and unearned revenue	31,064	26,373
Current portion of long-term debt	15,900	15,900
Accrued liabilities:		
Employee compensation and benefits	42,149	35,245
Miscellaneous	27,205	21,566
Other current liabilities	11,523	8,267
Total current liabilities	147,056	125,048
Long-term debt (less current portion)	184,175	196,100
Other liabilities (less current portion)	127,121	132,379
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: 42,932,081 and 42,353,882 shares	429	424
Voting - authorized: 60,000,000 shares; issued and outstanding: 11,932,735 and 11,932,735 shares	119	119
Total	548	543
Additional paid-in capital	510,640	515,421
Retained earnings	109,108	96,105
Accumulated other comprehensive loss, net of income taxes:		
Unrealized loss on derivatives	(1,099)	
Pension liability adjustments	(95,820)	(97,548)
Total The E.W. Scripps Company shareholders' equity	523,377	514,521
Noncontrolling interest	2,480	2,480
Total equity	525,857	517,001
TOTAL LIABILITIES AND EQUITY	\$ 984,209	\$ 970,528

See notes to condensed consolidated financial statements.

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

<i>(in thousands, except per share data)</i>	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Operating Revenues:				
Advertising	\$ 175,029	\$ 126,647	\$ 499,481	\$ 398,050
Circulation	27,801	28,606	88,068	89,897
Other	16,814	12,618	56,156	43,316
Total operating revenues	219,644	167,871	643,705	531,263
Costs and Expenses:				
Employee compensation and benefits	96,717	82,038	294,872	258,225
Programs and program licenses	14,605	15,136	43,559	46,131
Newsprint and press supplies	11,658	12,026	38,101	37,405
Other expenses	61,776	53,266	183,545	169,066
Pension expense	1,980	2,158	5,755	5,301
Acquisition and related integration costs			5,826	
Restructuring costs	2,354	2,614	6,420	6,529
Total costs and expenses	189,090	167,238	578,078	522,657
Depreciation, Amortization, and (Gains) Losses:				
Depreciation	10,359	9,733	31,721	29,549
Amortization of intangible assets	1,777	319	5,324	952
Impairment of long-lived assets		9,000		9,000
(Gains) losses, net on disposal of property, plant and equipment	80	(476)	50	(234)
Net depreciation, amortization and (gains) losses	12,216	18,576	37,095	39,267
Operating income (loss)	18,338	(17,943)	28,532	(30,661)
Interest expense	(3,288)	(362)	(9,653)	(1,167)
Miscellaneous, net	(900)	110	(2,452)	(622)
Income (loss) from operations before income taxes	14,150	(18,195)	16,427	(32,450)
Provision (benefit) for income taxes	2,148	(7,473)	3,424	(10,621)
Net income (loss)	12,002	(10,722)	13,003	(21,829)
Net income (loss) attributable to noncontrolling interests				
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ 12,002	\$ (10,722)	\$ 13,003	\$ (21,829)
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:	\$ 0.21	\$ (0.19)	\$ 0.23	\$ (0.38)
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:	\$ 0.21	\$ (0.19)	\$ 0.22	\$ (0.38)

See notes to condensed consolidated financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**

<i>(in thousands)</i>	Three months ended		Nine months ended	
	September 30, 2012	2011	September 30, 2012	2011
Net income (loss)	\$ 12,002	\$ (10,722)	\$ 13,003	\$ (21,829)
Change in fair value of derivatives, net of tax of \$214 and \$659	(357)		(1,099)	
Changes in defined pension plans, net of tax of \$347, \$367, \$1,038 and \$917	576	610	1,728	1,528
Total comprehensive income (loss)	12,221	(10,112)	13,632	(20,301)
Less comprehensive loss attributable to noncontrolling interest				
Total comprehensive income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ 12,221	\$ (10,112)	\$ 13,632	\$ (20,301)

See notes to condensed consolidated financial statements.

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

<i>(in thousands)</i>	Nine months ended September 30,	
	2012	2011
Cash Flows from Operating Activities:		
Net income (loss)	\$ 13,003	\$ (21,829)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	37,045	30,501
Contract termination fees	5,663	
Impairment of long-lived assets		9,000
(Gains) losses net, on disposal of property, plant and equipment	50	(234)
Deferred income taxes	6,463	4,617
Excess tax benefits of share-based compensation plans	(4,320)	(6,021)
Stock and deferred compensation plans	6,397	6,921
Pension expense, net of payments	3,434	2,297
Other changes in certain working capital accounts, net	56,645	(25,374)
Miscellaneous, net	(102)	4,623
Net cash provided by operating activities	124,278	4,501
Cash Flows from Investing Activities:		
Acquisitions	(266)	
Additions to property, plant and equipment	(14,166)	(7,823)
Proceeds from sale of property, plant and equipment	451	1,674
Proceeds from sale of long-term investments	51	2,650
Purchase of investments	(4,666)	(7,072)
Changes in restricted cash		(7,510)
Net cash used in investing activities	(18,596)	(18,081)
Cash Flows from Financing Activities:		
Payments on long-term debt	(11,925)	
Repurchase of Class A Common shares	(23,564)	(39,333)
Proceeds from exercise of employee stock options	12,575	2,037
Tax payments related to shares withheld for vested stock and RSUs	(7,524)	(9,509)
Excess tax benefits of share-based compensation plans	4,320	6,021
Miscellaneous, net	2,215	(3,086)
Net cash used in financing activities	(23,903)	(43,870)
Increase (decrease) in cash and cash equivalents	81,779	(57,450)
Cash and cash equivalents:		
Beginning of period	127,889	204,924
End of period	\$ 209,668	\$ 147,474
Supplemental Cash Flow Disclosures		
Interest paid	\$ 7,090	\$

Income taxes paid	\$ 1,012	\$ 8,312
-------------------	----------	----------

See notes to condensed consolidated financial statements.

F-6

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

<i>(in thousands, except share data)</i>	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
As of December 31, 2010	\$ 583	\$ 558,225	\$ 111,641	\$ (81,547)	\$ 2,630	\$ 591,532
Net loss			(21,829)			(21,829)
Repurchase 4,585,593 Class A Common shares	(46)	(39,287)				(39,333)
Changes in defined pension plans				1,528		1,528
Excess tax benefits of compensation plans		6,900				6,900
Compensation plans: 2,067,088 net shares issued*	21	(121)	1			(99)
As of September 30, 2011	\$ 558	\$ 525,717	\$ 89,813	\$ (80,019)	\$ 2,630	\$ 538,699
As of December 31, 2011	\$ 543	\$ 515,421	\$ 96,105	\$ (97,548)	\$ 2,480	\$ 517,001
Net income			13,003			13,003
Repurchase 2,478,453 Class A Common shares	(25)	(23,539)				(23,564)
Changes in defined pension plans				1,728		1,728
Change in fair value of derivatives				(1,099)		(1,099)
Excess tax benefits of compensation plans		7,400				7,400
Compensation plans: 3,056,652 net shares issued*	30	11,358				11,388
As of September 30, 2012	\$ 548	\$ 510,640	\$ 109,108	\$ (96,919)	\$ 2,480	\$ 525,857

* Net of \$7,524 in 2012 and \$9,509 in 2011 of tax payments related to shares withheld for vested stock and RSUs. See notes to condensed consolidated financial statements.

Table of Contents

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As used in the Condensed Notes to Consolidated Financial Statements, the terms we, our, us or Scripps may, depending on the context, refer to The E. W. Scripps Company, to one or more of its consolidated subsidiary companies or to all of them taken as a whole.

Basis of Presentation - The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto included in our 2011 Annual Report on Form 10-K. In management's opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made. Certain amounts in prior periods have been reclassified to conform to the current period's presentation.

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

Nature of Operations - We are a diverse media concern with interests in television and newspaper publishing. All of our media businesses provide content and advertising services via digital platforms. Our media businesses are organized into the following reportable business segments: Television, Newspapers and Syndication and other. Additional information for our business segments is presented in the Notes to our Condensed Consolidated Financial Statements.

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

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets, goodwill and indefinite-lived assets; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; and self-insured risks.

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

Revenue Recognition - We recognize revenue when persuasive evidence of a sales arrangement exists, delivery occurs or services are rendered, the sales price is fixed or determinable and collectability is reasonably assured.

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

The revenue recognition policies for each source of revenue are described in our Annual Report on Form 10-K for the year ended December 31, 2011.

Share-Based Compensation - We have a Long-Term Incentive Plan (the Plan) which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2011. The Plan provides for the award of incentive and nonqualified share options, share appreciation rights, restricted and unrestricted Class A Common shares and restricted share units, and performance units to key employees and non-employee directors.

Share-based compensation costs totaled \$1.5 million and \$1.6 million for the third quarter of 2012 and 2011, respectively. Year-to-date share-based compensation costs totaled \$6.2 million and \$7.1 million in 2012 and 2011, respectively.

Earnings Per Share (EPS) - Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock and restricted share units (RSUs), are considered participating securities for purposes of calculating EPS. Under the two-class

Edgar Filing: SCRIPPS E W CO /DE - Form 10-Q

method, we allocate a portion of net income to these participating securities and therefore exclude that income from the calculation of EPS allocated to common stock. We do not allocate losses to the participating securities.

F-8

Table of Contents

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

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Numerator (for both basic and diluted earnings per share)				
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ 12,002	\$ (10,722)	\$ 13,003	\$ (21,829)
Less income allocated to unvested restricted stock and RSUs	(496)		(617)	
Numerator for basic and diluted earnings per share	\$ 11,506	\$ (10,722)	\$ 12,386	\$ (21,829)
Denominator				
Basic weighted-average shares outstanding	54,637	56,834	54,852	58,071
Effect of dilutive securities:				
Stock options held by employees and directors	574		338	
Diluted weighted-average shares outstanding	55,211	56,834	55,190	58,071
Anti-dilutive securities ⁽¹⁾	4,415	14,230	4,415	14,230

⁽¹⁾ Amount outstanding at Balance Sheet date, before application of the treasury stock method and not weighted for period outstanding. For the quarter ended and the year-to-date period ended September 30, 2011, we incurred a net loss and the inclusion of unvested stock, RSUs and stock options held by employees and directors would have been anti-dilutive and accordingly the diluted EPS calculation for the period excludes those common share equivalents.

Derivative Financial Instruments - It is our policy that derivative transactions are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. Derivative financial instruments are utilized to manage interest rate risks. We do not hold derivative financial instruments for trading purposes. All derivatives must be recorded on the balance sheet at fair value. Each derivative is designated as a cash flow hedge or remains undesignated. Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recorded in other comprehensive income and reclassified to the statement of operations when the effects of the item being hedged are recognized in the statement of operations. These changes are offset in earnings to the extent the hedge was effective by fair value changes related to the risk being hedged on the hedged item. Changes in the fair value of undesignated hedges are recognized currently in the statement of operations. All ineffective changes in derivative fair values are recognized currently in earnings.

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis the hedging instrument is assessed as to its effectiveness, when applicable. If and when a derivative is determined not to be highly effective as a hedge, or the underlying hedged transaction is no longer likely to occur, or the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued.

2. RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS

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

Table of Contents

In September 2011, the FASB issued changes to the testing of goodwill for impairment. These changes provide an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, go directly to the two-step quantitative impairment test. These changes become effective for us for any goodwill impairment test performed on January 1, 2012, or later. The implementation of this amended accounting guidance did not have a material impact on our consolidated financial position and results of operations.

Recently Issued Accounting Standards - In July 2012, the FASB amended the guidance on testing indefinite-lived assets, other than goodwill, for impairment. Under the revised guidance, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before performing quantitative tests. If the entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is not more likely than not impaired, the entity would not need to perform the quantitative tests. This guidance will be effective for our annual impairment tests for the year ending December 31, 2013. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements; rather it may change management's approach to testing indefinite-lived intangible assets for impairment.

3. ACQUISITIONS

On December 30, 2011, we completed our acquisition of McGraw-Hill Broadcasting Company, Inc. (McGraw-Hill) for \$212 million in cash, plus a working capital adjustment of \$4.4 million. We financed the transaction pursuant to a credit agreement entered into December 9, 2011. The businesses acquired include four ABC affiliated television stations and five Azteca affiliated stations.

We finalized the determination of the fair values of the assets acquired and the liabilities assumed in the third quarter of 2012. There were no material changes in the fair values of the assets acquired and the liabilities assumed from the preliminary amounts determined as of December 31, 2011. Goodwill decreased by \$0.6 million from the preliminary amount. The table below summarizes the final fair values:

<i>(in thousands)</i>	
Assets:	
Accounts receivable	\$ 19,768
Other current assets	891
Investments	4,558
Property, plant and equipment	37,837
Intangible assets	130,100
Goodwill	27,966
Total assets acquired	221,120
Current liabilities	4,712
Net purchase price	\$ 216,408

Pro forma results of operations, assuming the transaction had taken place at the beginning of 2010, are included in the following table. The pro forma information includes the historical results of operations of Scripps and McGraw-Hill and adjustments for interest expense that would have been incurred to finance the acquisition, additional depreciation and amortization of the assets acquired and excludes the pre-acquisition transaction related expenses incurred by the acquired companies. The pro forma information does not include efficiencies, costs reductions and synergies expected to result from the acquisition. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisition been completed at the beginning of the period.

Table of Contents

<i>(in thousands, except per share data) (unaudited)</i>	Three months ended September 30, 2011	Nine months ended September 30, 2011
Operating revenues	\$ 188,620	\$ 598,064
Loss from operations attributable to the shareholders of The E.W. Scripps Company	(15,254)	(31,570)
Loss per share from operations attributable to the shareholders of The E.W. Scripps Company:		
Basic	\$ (0.27)	\$ (0.54)
Diluted	\$ (0.27)	\$ (0.54)

Included in acquisition and related integration costs for the nine-months ended September 30, 2012, is a \$5.7 million non-cash charge to terminate the McGraw-Hill stations national representation agreement. We decided to use our existing national representative in all Scripps markets. As an inducement, our existing national representative firm agreed to pay the \$5.7 termination fee on our behalf.

4. INCOME TAXES

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

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

The effective income tax rate for the nine months ended September 30, 2012, and 2011, was 20.8% and 32.7%, respectively. The primary reason for the difference between these rates and the U.S. Federal statutory rate of 35% is the impact of state taxes, non-deductible expenses and reserves for uncertain tax positions (including interest). We recognized \$3.7 million of previously unrecognized tax benefits in the third quarter of 2012 when the statutes of limitations lapsed in certain tax jurisdictions. In the third quarter of 2011, we reached an agreement with the Internal Revenue Service to settle the examinations of our 2005 through 2009 tax returns. We recognized additional tax benefits of approximately \$1 million as a result of the settlement.

At September 30, 2012, we had net deferred tax assets of \$33.1 million. Almost all of our deferred tax assets reverse in 2013. We can use any tax losses resulting from the deferred tax assets reversing in 2013 to claim refunds of taxes paid in prior periods. Management believes that it is more likely than not that we will realize the benefits of our Federal deferred tax assets and therefore has not recorded a valuation allowance for our deferred tax assets. If economic conditions worsen, future estimates of taxable income could be lower than our current estimates, which may require valuation allowances to be recorded in future reporting periods.

5. RESTRICTED CASH

At September 30, 2012, and December 31, 2011, we had \$10 million in a restricted cash account on deposit with our insurance carrier. This account serves as collateral, in place of an irrevocable stand-by letter of credit, to provide financial assurance that we will fulfill our obligations with respect to cash requirements associated with workers compensation self-insurance. This cash is to remain on deposit with the carrier until all claims have been paid or we provide a letter of credit in lieu of the cash deposit.

Table of Contents**6. GOODWILL AND INTANGIBLE ASSETS**

Goodwill by business segment was as follows:

<i>(in thousands)</i>	Television	Newspapers	Total
Goodwill as of September 30, 2012:			
Gross balance	243,380	778,900	1,022,280
Accumulated impairment losses	(215,414)	(778,900)	(994,314)
Net balance, September 30, 2012	\$ 27,966	\$	\$ 27,966
Goodwill as of December 31, 2011:			
Gross balance	244,005	778,900	1,022,905
Accumulated impairment losses	(215,414)	(778,900)	(994,314)
Net balance, December 31, 2011	\$ 28,591	\$	\$ 28,591

Intangible assets consisted of the following:

<i>(in thousands)</i>	As of September 30, 2012	As of December 31, 2011
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	\$ 78,844	\$ 78,844
Customer lists and advertiser relationships	22,304	23,164
Other	3,765	3,765
Total carrying amount	104,913	105,773
Accumulated amortization:		
Television network affiliation relationships	(4,759)	(1,796)
Customer lists and advertiser relationships	(9,640)	(8,287)
Other	(1,794)	(1,647)
Total accumulated amortization	(16,193)	(11,730)
Net amortizable intangible assets	88,720	94,043
Indefinite-lived intangible assets - FCC licenses	57,815	57,815
Total intangible assets	\$ 146,535	\$ 151,858

Estimated amortization expense of amortizable intangible assets for each of the next five years is \$1.8 million for the remainder of 2012, \$7.0 million in 2013, \$6.8 million in 2014, \$6.7 million in 2015, \$6.7 million in 2016, \$4.2 million in 2017 and \$55.5 million in later years.

Table of Contents**7. LONG-TERM DEBT**

Long-term debt consisted of the following:

<i>(in thousands)</i>	As of September 30, 2012	As of December 31, 2011
Variable rate credit facilities	\$	\$
Term loan	200,075	212,000
Long-term debt	200,075	212,000
Current portion of long-term debt	15,900	15,900
Long-term debt (less current portion)	\$ 184,175	\$ 196,100
Fair value of long-term debt *	\$ 200,075	\$ 212,000

* Fair value was estimated based on current rates available to the Company for debt of the same remaining maturity and are classified as Level 2 in the fair value hierarchy.

On December 9, 2011, we entered into a \$312 million revolving credit and term loan agreement (Financing Agreement) to finance the acquisition of McGraw-Hill Broadcasting, Inc. and to provide liquidity for ongoing operations. The Financing Agreement has a five-year term and includes a \$212 million term loan and a \$100 million revolving credit facility.

The Financing Agreement includes certain affirmative and negative covenants, including maintenance of minimum fixed charge coverage and leverage ratios, as defined in the Financing Agreement. We were in compliance with all covenants at September 30, 2012.

Interest is payable at rates based on LIBOR plus a margin based on our leverage ratio ranging from 3.5% to 4.0%. As of September 30, 2012, the interest rate was 4.22%. The Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. As of September 30, 2012, we were not required to make additional principal payments based on excess cash flow. The weighted-average interest rate on total borrowings was 4.25% at September 30, 2012.

Scheduled principal payments on long-term debt at September 30, 2012, are: \$4.0 million for the remainder of 2012, \$15.9 million in 2013, \$26.5 million in 2014, \$26.5 million in 2015, and \$127.2 million in 2016.

Under the terms of the Financing Agreement we granted the lenders mortgages on substantially all of our real property, pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property, including cash, accounts receivables, inventories and equipment.

The Financing Agreement allows us to make restricted payments (dividends and share repurchases) up to \$25 million plus additional amounts based on our financial results and condition, up to a maximum of \$250 million over the term of the agreement. We can also make acquisitions up to \$25 million plus additional amounts based on our financial results and condition, up to a maximum of \$150 million.

Commitment fees of 0.50% per annum of the total unused commitment are payable under the revolving credit facility.

As of September 30, 2012, and December 31, 2011, we had outstanding letters of credit totaling \$1.1 million.

Table of Contents**8. FINANCIAL INSTRUMENTS**

We are exposed to various market risks, including changes in interest rates. To manage risks associated with the volatility of changes in interest rates we may enter into interest rate financial instruments.

We utilize interest rate swaps to manage our interest expense exposure by fixing our interest rate on portions of our floating rate term loan. We have entered into a \$75 million notional value interest rate swap expiring in March 2016 which provides for a fixed LIBOR interest rate of 1.08%. We did not provide or receive any collateral for this contract. The fair value of this financial derivative which is designated as and qualifies as a cash flow hedge is based on quoted market prices which reflect the present values of the difference between estimated future variable-rate receipts and future fixed-rate payments.

Fair Value of Derivative Instruments

The notional amounts and fair values of derivative instruments designated as cash flow are shown below.

<i>(in thousands)</i>	September 30, 2012			December 31, 2011		
	Notional Amount	Asset	Fair value Liability ⁽¹⁾	Notional Amount	Asset	Fair value Liability
Derivatives designated as cash flow hedges:						
Interest rate swaps	\$ 75,000	\$	\$ 1,758	\$	\$	\$

⁽¹⁾ Balance recorded as Other liabilities

The above derivative instrument that is designated and qualifies as a cash flow hedge and the effective portion of the unrealized gain and loss on the derivative is reported as a component of accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gain and loss on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

<i>(in thousands)</i>	September 30, 2012		
	Effective portion recognized in Accumulated OCL, Gain/(Loss)	Reclassified from Accumulated OCL, Gain/(Loss)	Ineffective portion and amount excluded from effectiveness testing Gain/(Loss)
Derivatives designated as cash flow hedges:			
Interest rate swaps	\$ (1,758)	\$	\$

<i>(in thousands)</i>	December 31, 2011		
	Effective portion recognized in Accumulated OCL, Gain/(Loss)	Reclassified from Accumulated OCL, Gain/(Loss)	Ineffective portion and amount excluded from effectiveness testing Gain/(Loss)
Derivatives designated as cash flow hedges:			
Interest rate swaps	\$	\$	\$

Table of Contents**9. FAIR VALUE MEASUREMENT**

We measure certain financial assets at fair value on a recurring basis, such as derivatives. The fair value of these financial assets was determined based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

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

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

Level 3 Unobservable inputs based on our own assumptions.

The following tables set forth our assets and liabilities that are measured at fair value on a recurring basis at September 30, 2012 and December 31, 2011:

<i>(in thousands)</i>	Total	September 30, 2012		
		Level 1	Level 2	Level 3
Assets/(Liabilities):				
Interest rate swap	\$ (1,758)	\$	\$ (1,758)	\$

<i>(in thousands)</i>	Total	December 31, 2011		
		Level 1	Level 2	Level 3
Assets/(Liabilities):				
Interest rate swap	\$	\$	\$	\$

10. OTHER LIABILITIES

Other liabilities consisted of the following:

<i>(in thousands)</i>	As of September 30, 2012	As of December 31, 2011
Employee compensation and benefits	\$ 12,983	\$ 15,918
Liability for pension benefits	78,854	78,170
Liabilities for uncertain tax positions	13,402	16,687
Other	21,882	21,604
Other liabilities (less current portion)	\$ 127,121	\$ 132,379

11. NONCONTROLLING INTERESTS

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

Table of Contents**12. SUPPLEMENTAL CASH FLOW INFORMATION**

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

<i>(in thousands)</i>	Nine months ended September 30,	
	2012	2011
Other changes in certain working capital accounts, net:		
Accounts and notes receivable	\$ 16,376	\$ 16,380
Inventories	299	875
Income taxes (receivable) payable, net	27,827	(30,960)
Accounts payable	1,517	(15,016)
Accrued employee compensation and benefits	4,756	(5,592)
Other accrued liabilities	1,708	3,276
Other, net	4,162	5,663
Total	\$ 56,645	\$ (25,374)

13. EMPLOYEE BENEFIT PLANS

We sponsor various noncontributory defined benefit plans covering substantially all full-time employees that began employment prior to June 30, 2008. Benefits earned by employees are generally based upon employee compensation and years of service credits. We also have a non-qualified Supplemental Executive Retirement Plan (SERP). Effective June 30, 2009, we froze the accrual of benefits under our defined benefit pension plans and our SERP that cover the majority of our employees.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees voluntary contributions to this plan. In connection with freezing the accrual of service credits under certain of our defined benefit pension plans we began contributing additional amounts to certain employee s defined contribution retirement accounts in 2011. These transition credits, which we will make through 2014, are determined based upon the employee s age and compensation.

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

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

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Service cost	\$ 13	\$ 12	\$ 39	\$ 36
Interest cost	6,470	6,710	19,410	19,448
Expected return on plan assets, net of expenses	(5,641)	(5,753)	(16,924)	(17,257)
Amortization of prior service cost	1		2	1
Amortization of actuarial loss	870	893	2,609	2,237
Total for defined benefit plans	1,713	1,862	5,136	4,465
Multi-employer plans	119	116	353	349
SERP	268	296	620	836
Defined contribution plans	2,625	2,234	8,054	6,979
Net periodic benefit cost	\$ 4,725	\$ 4,508	\$ 14,163	\$ 12,629

Edgar Filing: SCRIPPS E W CO /DE - Form 10-Q

We contributed \$1.2 million to fund current benefit payments for our SERP during the nine months ended September 30, 2012. We anticipate contributing an additional \$0.2 million to fund the SERP's benefit payments during the remainder of 2012. We contributed \$1.0 million to our defined benefit plans during the nine months ended September 30, 2012, and anticipate making contributions of \$0.3 million during the remainder of 2012.

F-16

Table of Contents

14. SEGMENT INFORMATION

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

Television includes ten ABC affiliates, three NBC affiliates, one independent station and five Azteca affiliates. Our television stations reach approximately 13% of the nation's television households. Television stations earn revenue primarily from the sale of advertising time to local and national advertisers.

Our newspaper business segment includes daily and community newspapers in 13 markets in the U.S. Newspapers earn revenue primarily from the sale of advertising space to local and national advertisers and from the sale of newspapers to readers.

Syndication and other primarily include certain digital operations outside our newspaper and television markets and syndication of news features and comics and other features for the newspaper industry.

We allocate a portion of certain digital and corporate costs and expenses, including information technology, certain employee benefits, and other shared services, to our business segments. The allocations are generally amounts agreed upon by management, which may differ from an arms-length amount. Corporate assets are primarily cash and cash equivalents, and other short-term investments, property and equipment primarily used for corporate purposes, and deferred income taxes.

Our chief operating decision maker evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit plan pension expense (other than current service costs), income taxes, depreciation and amortization, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Effective January 1, 2012, we changed our defined benefit plan pension expense allocation policy to charge business segments only for the current service costs of defined benefit plans. We have recast the prior periods for this change.

Table of Contents

Information regarding our business segments is as follows:

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Segment operating revenues:				
Television	\$ 125,329	\$ 69,939	\$ 341,983	\$ 215,933
Newspapers	92,390	95,948	293,949	304,080
Syndication and other	1,925	1,984	7,773	11,250
Total operating revenues	\$ 219,644	\$ 167,871	\$ 643,705	\$ 531,263
Segment profit (loss):				
Television	\$ 41,835	\$ 8,064	\$ 94,627	\$ 28,783
Newspapers	4,249	3,003	15,980	15,318
Syndication and other	(1,827)	161	(1,707)	(1,713)
Shared services and corporate	(9,369)	(5,823)	(25,272)	(21,952)
Depreciation and amortization	(12,136)	(10,052)	(37,045)	(30,501)
Impairment of long-lived assets		(9,000)		(9,000)
Gains (losses), net on disposal of property, plant and equipment	(80)	476	(50)	234
Pension expense	(1,980)	(2,158)	(5,755)	(5,301)
Interest expense	(3,288)	(362)	(9,653)	(1,167)
Acquisition and related integration costs			(5,826)	
Restructuring costs	(2,354)	(2,614)	(6,420)	(6,529)
Miscellaneous, net	(900)	110	(2,452)	(622)
Income (loss) from operations before income taxes	\$ 14,150	\$ (18,195)	\$ 16,427	\$ (32,450)
Depreciation:				
Television	\$ 5,645	\$ 4,193	\$ 17,034	\$ 12,369
Newspapers	4,464	5,254	13,937	16,135
Syndication and other	12	13	36	126
Shared services and corporate	238	273	714	919
Total depreciation	\$ 10,359	\$ 9,733	\$ 31,721	\$ 29,549
Amortization of intangibles:				
Television	\$ 1,612	\$ 80	\$ 4,801	\$ 238
Newspapers	165	239	523	714
Total amortization of intangibles	\$ 1,777	\$ 319	\$ 5,324	\$ 952
Additions to property, plant and equipment:				
Television	\$ 4,716	\$ 2,701	\$ 9,267	\$ 6,204
Newspapers	357	501	1,283	1,263
Syndication and other	381	67	641	362
Shared services and corporate	2,627	9	2,976	50
Total additions to property, plant and equipment	\$ 8,081	\$ 3,278	\$ 14,167	\$ 7,879

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

Table of Contents**15. CAPITAL STOCK**

In 2010 our board of directors authorized the repurchase of up to \$75 million of our Class A Common shares. We completed repurchases under the authorization in the third quarter of 2012. Under the authorization, we repurchased a total of \$75 million of shares at prices ranging from \$6.55 to \$11.33 per share, of which, \$23.6 million was repurchased in 2012.

In November 2012, our board of directors authorized a new repurchase program of up to \$100 million of our Class A Common shares through December 2014. Shares may be repurchased from time to time at management's discretion, either in the open market, through pre-arranged trading plans or in privately negotiated block transactions. The Company currently intends to fund approximately half of the buybacks from its cash balance and half using cash proceeds from the potential exercise of employee stock options.

Information about options outstanding and options exercisable by year of grant as of September 30, 2012 is as follows:

(dollars in millions, except per share amounts)

Year of Grant	Range of Exercise Prices	Average Remaining Term (in years)	Options Outstanding and Exercisable	
			Options on Shares Outstanding	Weighted Average Exercise Price
2002 - expire in 2012	8	0.14	3,189	8.27
2003 - expire in 2013	8 - 10	0.46	364,014	8.57
2004 - expire in 2014	10 - 11	1.45	904,196	10.49
2005 - expire in 2013	10 - 11	0.42	626,408	10.02
2006 - expire in 2014	10 - 11	1.44	1,751,465	10.30
2007 - expire in 2015	9 - 10	2.40	2,080,390	10.38
2008 - expire in 2016	7 - 10	3.48	2,913,458	8.78
Total	\$ 7 - 11	2.24	8,643,120	\$ 9.73

16. SPIN-OFF OF SCRIPPS NETWORKS INTERACTIVE, INC.

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

During 2012, we paid SNI \$0.4 million for its share of tax refund claims for prior years.

17. IMPAIRMENTS

During the quarter ended September 30, 2011, we recorded a \$9 million non-cash charge to reduce the carrying value of long-lived assets at four of our newspapers. Our estimates of cumulative undiscounted future cash flows at these properties were not sufficient to recover the \$36 million carrying value of the assets and we wrote them down to their estimated fair value of \$27 million. The measurement of the fair value is a nonrecurring level 3 measurement (significant unobservable inputs) in the fair value hierarchy. In determining fair value, we utilized a market approach which employs available recent transactions for similar assets or prior transactions adjusted for changes in the market for those assets.

Estimating undiscounted cash flows requires significant judgments and estimates. We will continue to monitor the estimated cash flows of our newspapers properties and may incur additional impairment charges if future cash flows are less than our current estimates.

Table of Contents

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

The E. W. Scripps Company (Scripps) is a diverse media company with interests in television stations and newspaper publishing. The company's portfolio of media properties includes: 19 television stations, including ten ABC-affiliated stations, three NBC affiliates, one independent station and five Azteca affiliates; daily and community newspapers in 13 markets; syndication of news features and comics; and the Washington-based Scripps Media Center, home to the Scripps Howard News Service.

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

Forward-Looking Statements

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

Executive Overview

At the end of 2011, we added nine local television stations in four markets through the acquisition of McGraw-Hill Broadcasting Company, Inc. (McGraw-Hill), for \$212 million in cash, plus a \$4.4 million working capital adjustment. This acquisition shifted the balance of the company's assets toward the television business.

Local and national advertising, particularly automobile advertising, has continued to be strong in 2012. We also have benefitted from early political advertising and spending in this political cycle has exceeded any previous cycle. As is common during election cycles, the influx of political advertising has displaced certain traditional advertising, which we expect to return to our stations in the second half of the fourth quarter. At the end of 2011 and in early 2012, we renewed retransmission consent agreements with several cable television system operators at higher rates. The renewals are typically for three-year periods. We expect to continue to benefit in the coming years from contractual rate increases included in the renewed contracts and as we regain control of all of our retransmission rights. For the past four years, we have received payment for many of our broadcast signals from Scripps Networks Interactive, Inc. (SNI), which negotiated our retransmission consent agreements until we spun it off in 2008. As these contracts have been expiring, we have been renegotiating new contracts with the cable and satellite operators at current market rates, which are significantly higher than the rates we receive from SNI. Agreements with our two largest cable television operators, Time Warner and Comcast, expire in December 2015 and December 2019, respectively.

In 2011, we initiated a plan to take greater control of our programming expenses by replacing expensive syndicated content with less expensive programming, some of which has been developed internally or in partnership with others. We believe this strategy has the potential to improve the division's financial performance for years to come. In September 2012, we launched two original shows—a new game show called Let's Ask America and a nightly infotainment magazine called The List—in various markets, with the intention of rolling them out in the rest of our markets when contractual conditions permit. These shows also can be syndicated to non-Scripps markets. Our third quarter 2012 results included marketing costs to support the mid-September launch of these programs.

Stabilization of the profitability of our newspaper portfolio is the goal of a number of activities pursued by management. We have completed much of our functional reorganization and restructuring, and have begun implementing common advertising and circulation systems across our markets. The first installation of this system was completed in the first quarter of 2012. We also are

Table of Contents

pursuing a number of marketing and pricing strategies to strengthen our base of subscribers and improve our circulation revenue. By eliminating unprofitable products from the portfolios in our newspaper markets, increasing resources to sell products with the highest revenue potential, and focusing on key sales metrics with the help of new customer relationship management tools, we believe our sales executives are better positioned than in previous years to improve the financial performance of the division. We also continue to increase efforts to print and distribute other publications within our newspaper markets.

We signaled our belief in the bright future of digital media with the fall 2011 announcement that we would combine all of the company's digital initiatives into a single organization. Under the direction of our chief digital officer who works closely with both divisions, we believe this focus will deliver long-term financial benefits as we find new and efficient platforms for bringing together advertisers and audiences. We began implementing the new structure in 2012. Under this new structure substantially all employee and other costs are incurred in the digital group; our Television and Newspaper segments receive a cross charge for services provided by the digital organization, which is included in other costs and expenses in their individual segment results.

The new digital effort already has yielded new or soon-to-be-delivered products that have been made available to our broadcast television and newspaper businesses on a variety of digital platforms. For example, we became the first broadcaster to launch apps that stream live news coverage to mobile devices from every one of its stations. We have launched a number of leading-edge mobile apps that are consistent with our mission of being each market's most-trusted source of news and information. Our first paid, national mobile app, Storm Shield, debuted with a successful launch and positive consumer acceptance in the second quarter. Similar national products are due to be launched in the coming months. In multiple newspaper markets we are experimenting with a variety of business models that will allow us to charge for online content. We also have investments in several promising businesses that span the digital landscape, from mobile broadcasting to connected television to social gaming.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Note 1 to the Consolidated Financial Statements included in our Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in estimates that are likely to occur could materially change the financial statements. We believe the accounting for Acquisitions, Long-Lived Assets, Goodwill and Indefinite-Lived Intangible Assets, Income Taxes and Pension Plans to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2011.

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

Table of Contents**RESULTS OF OPERATIONS**

The trends and underlying economic conditions affecting the operating performance and future prospects differ for each of our business segments. Accordingly, we believe the following discussion of our consolidated results of operations should be read in conjunction with the discussion of the operating performance of our individual business segments.

Consolidated Results of Operations

Consolidated results of operations were as follows:

<i>(in thousands, except per share data)</i>	Quarter Period			Year-to-date		
	2012	Change	2011	2012	Change	2011
Operating revenues	\$ 219,644	30.8%	167,871	\$ 643,705	21.2%	\$ 531,263
Employee compensation and benefits	(96,717)	17.9%	(82,038)	(294,872)	14.2%	(258,225)
Programs and program licenses	(14,605)	(3.5)%	(15,136)	(43,559)	(5.6)%	(46,131)
Newsprint and press supplies	(11,658)	(3.1)%	(12,026)	(38,101)	1.9%	(37,405)
Other expenses	(61,776)	16.0%	(53,266)	(183,545)	8.6%	(169,066)
Pension expense	(1,980)	(8.2)%	(2,158)	(5,755)	8.6%	(5,301)
Acquisition and related integration costs				(5,826)		
Restructuring costs	(2,354)	(9.9)%	(2,614)	(6,420)	(1.7)%	(6,529)
Depreciation and amortization	(12,136)	20.7%	(10,052)	(37,045)	21.5%	(30,501)
Impairment of long-lived assets			(9,000)			(9,000)
Gains (losses), net on disposal of property, plant and equipment	(80)		476	(50)		234
Operating income (loss)	18,338		(17,943)	28,532		(30,661)
Interest expense	(3,288)		(362)	(9,653)		(1,167)
Miscellaneous, net	(900)		110	(2,452)		(622)
Income (loss) from operations before income taxes	14,150		(18,195)	16,427		(32,450)
(Provision) benefit for income taxes	(2,148)		7,473	(3,424)		10,621
Net income (loss)	12,002		(10,722)	13,003		(21,829)
Net income (loss) attributable to noncontrolling interests						
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	\$ 12,002		\$ (10,722)	\$ 13,003		\$ (21,829)
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:	\$ 0.21		\$ (0.19)	\$ 0.23		\$ (0.38)

Operating revenues increased 31% in the 2012 third quarter on an as-reported basis and 15% excluding the results of the McGraw-Hill television stations. The revenues from the acquired stations and a 41% increase in revenues in our legacy television stations more than offset a 3.7% decrease in our newspaper revenues. Revenues increased 21% year-to-date on an as-reported basis and 6.7% excluding the acquired stations. Strong television revenues reflect political advertising of \$33.9 million for the 2012 quarter and \$49.8 million for the 2012 year-to-date period.

Table of Contents

Employee compensation and benefits increased 18% in the third quarter on an as-reported basis and 4.5% excluding the acquired stations. Employee compensation and benefits increased 14% year to date on an as-reported basis and were up 1.5% excluding the acquired stations. Employee compensation and benefits excluding the impact of the acquisition increased in the 2012 third quarter primarily due to increased staffing to support newsroom initiatives, additional staffing to support production of internally produced programming and compensation increases. These increases were partially offset by reductions in the number of employees in our newspaper division.

Excluding the acquired stations, programs and program licenses decreased approximately 25% in the 2012 third quarter and year-to-date periods primarily as a result of replacing syndicated programming with lower-priced programming late in the third quarter of 2011.

Newsprint and press supplies decreased by 3.1% in the 2012 quarter primarily due to lower consumption of newsprint. For the year-to-date period, newsprint and press supplies increased by 1.9% due to increased outside printing costs and increased usage of color print which was partially offset by lower consumption of newsprint.

Other expenses increased 16% and 8.6% on an as-reported basis in the 2012 quarter and year-to-date periods, respectively. They increased 4.2% in the 2012 quarter and decreased 2.6% in the 2012 year-to-date-period excluding the acquired stations. The year-over-year increase in the third quarter was due to costs to promote the launch of our two original shows in seven of our television markets.

Acquisition and related integration costs for the year-to-date period include costs associated with the acquisition of the McGraw-Hill television station group, including a \$5.7 million non-cash charge associated with the cancellation of the contract with the national advertising firm that represented the acquired stations.

Interest expense increased to \$3.3 million in the 2012 quarter and \$9.7 million in the year-to-date period due to the borrowings associated with the acquisition of McGraw-Hill television stations.

The effective income tax rate for the nine months ended September 30, 2012, and 2011, was 20.8% and 32.7%, respectively. The primary reason for the difference between these rates and the U.S. Federal statutory rate of 35% is the impact of state taxes, non-deductible expenses and reserves for uncertain tax positions (including interest). In the third quarter of 2012 we recognized \$3.7 million of previously unrecognized tax benefits upon the lapse of the statutes of limitations in certain jurisdictions. In addition, in the third quarter of 2011, we reached an agreement with the Internal Revenue Service to settle the examinations of our 2005 through 2009 tax returns. We recognized additional tax benefits of approximately \$1 million as a result of the settlement.

Table of Contents**Television**

Television includes ten ABC-affiliated stations, three NBC-affiliated stations, five Azteca-affiliated stations and one independent station. Our television stations reach approximately 13% of the nation's households. Our television stations earn revenue primarily from the sale of advertising time to local and national advertisers.

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

The operating performance of our television group is most affected by the health of the national and local economies, particularly conditions within the automotive, services and retail categories, and by the volume of advertising time purchased by campaigns for elective office and political issues. The demand for political advertising is significantly higher in the third and fourth quarters of even-numbered years.

Operating results for television were as follows:

<i>(in thousands)</i>	2012	Quarter Period Change	2011	2012	Year-to-date Change	2011
Segment operating revenues:						
Local	\$ 51,983	24.6%	41,725	\$ 168,660	31.2%	\$ 128,553
National	25,991	38.5%	18,767	83,165	35.8%	61,257
Political	33,919		2,053	49,816		3,435
Digital	4,034	84.5%	2,187	10,658	60.2%	6,654
Retransmission	7,410	85.5%	3,994	23,009	94.9%	11,807
Other	1,992	64.2%	1,213	6,675	57.9%	4,227
Total segment operating revenues	125,329	79.2%	69,939	341,983	58.4%	215,933
Segment costs and expenses:						
Employee compensation and benefits	45,013	44.8%	31,087	134,583	43.8%	93,603
Programs and program licenses	14,605	(3.5)%	15,136	43,559	(5.6)%	46,131
Other expenses	23,876	52.5%	15,652	69,214	46.0%	47,416
Total segment costs and expenses	83,494	34.9%	61,875	247,356	32.2%	187,150
Segment profit	\$ 41,835		\$ 8,064	\$ 94,627		\$ 28,783

The comparability of our television division operating results are affected by the December 30, 2011, acquisition of the McGraw-Hill television station group, the results of which are included following its acquisition date.

Revenues

Television revenues increased 79% for the 2012 third quarter on an as-reported basis and 41% excluding the impact of the acquisition. For the nine-months ended September 30, 2012, revenues increased 58%, on an as-reported basis and 23% excluding the impact of the acquisition.

Television time sales excluding the impact of the acquired stations increased by \$26.6 million or 43% for the 2012 quarter compared to the prior year and \$42.4 million or 22% for the year-to-date period compared to the prior year. Reported revenues were bolstered by \$33.9 million in political advertising in the 2012 quarter compared to \$2.1 million of political advertising in 2011. As is common during election cycles, the influx of political advertising displaced certain traditional advertising, which we expect to return to our stations in the second half of the fourth quarter.

Table of Contents

Retransmission revenues increased 26% or \$1 million for the 2012 quarter and 35% or \$4.1 million for the year-to-date period excluding the impact of the acquisition due to renewal of certain agreements at higher rates and rate increases built into our continuing agreements. Prior to the spin-off of SNI, the rights to retransmit our broadcast signals were included as consideration in negotiations between cable and satellite system operators and the Company's cable networks. SNI pays us fixed fees for the use of our retransmission rights. As the retransmission contracts negotiated by SNI expire, we will negotiate standalone retransmission consent agreements with the cable and satellite system operators. Agreements with our two largest cable television operators, Time Warner and Comcast, expire in December 2015 and December 2019, respectively.

Digital revenues for the 2012 third quarter increased \$1.8 million on an as-reported basis and \$1.1 million excluding the impact of the acquisition. Digital revenues for the year-to-date period increased \$4 million on a reported basis and \$2 million excluding the impact of the acquisition.

Other revenues include revenue from news production and television services provided by our West Palm Beach television station to the Raycom station in that market. Other revenues were essentially flat when the impact of the acquisition is excluded from reported results.

Costs and expenses

Total costs and expenses increased 35% and 32% on an as-reported basis for the 2012 quarter and the year-to-date period, respectively, and increased by 1.9% for the 2012 quarter and were flat for the year-to-date period excluding the impact of the acquisition.

Excluding the impact of the acquired stations, employee compensation and benefits increased by 9.4% in the 2012 quarter and 8.8% for the year-to-date period compared to the prior-year periods, primarily due to increased staffing to support newsroom initiatives, additional staffing to support production of internally produced programming and compensation increases.

Excluding the acquired stations, programs and program licenses decreased approximately 25% in the 2012 third quarter and year-to-date periods primarily as a result of replacing syndicated programming with lower-priced programming late in the third quarter of 2011.

Other expenses, excluding the acquired stations, increased by 12% and 6% for the 2012 quarter and year-to-date periods. The third quarter expenses include costs to promote the launch of our two original shows in seven of our television markets.

Table of Contents**Newspapers**

We operate daily and community newspapers in 13 markets in the U.S. Our newspapers earn revenue primarily from the sale of advertising to local and national advertisers and from the sale of newspapers to readers. Our newspapers operate in mid-size markets, focusing on news coverage within their local markets. Advertising and circulation revenues provide substantially all of each newspaper's operating revenues, and employee, distribution and newsprint costs are the primary expenses at each newspaper. The operating performance of our newspapers is most affected by local and national economic conditions, particularly within the retail, labor, housing and automotive markets, as well as newsprint prices.

Operating results for our newspaper business were as follows:

<i>(in thousands)</i>	2012	Quarter Period Change	2011	2012	Year-to-date Change	2011
Segment operating revenues:						
Local	\$ 17,452	(6.1)%	\$ 18,595	\$ 57,174	(5.7)%	\$ 60,601
Classified	18,126	(3.0)%	18,683	57,521	(3.6)%	59,660
National	1,919	(37.5)%	3,069	6,614	(32.6)%	9,808
Preprint and other	15,952	(1.0)%	16,106	49,216	(3.1)%	50,770
Print advertising	53,449	(5.3)%	56,453	170,525	(5.7)%	180,839
Circulation	27,801	(2.8)%	28,604	88,068	(2.0)%	89,896
Digital	6,459	0.9%	6,400	19,449	0.3%	19,397
Other	4,681	4.2%	4,491	15,907	14.0%	13,948
Total segment operating revenues	92,390	(3.7)%	95,948	293,949	(3.3)%	304,080
Segment costs and expenses:						
Employee compensation and benefits	42,064	(7.8)%	45,645	132,338	(7.1)%	142,432
Newsprint and press supplies	11,658	(3.1)%	12,027	38,101	1.9%	37,405
Distribution services	12,092	(3.6)%	12,540	37,625	(0.6)%	37,862
Other expenses	22,327	(1.8)%	22,733	69,905	(1.6)%	71,063
Total segment costs and expenses	88,141	(5.2)%	92,945	277,969	(3.7)%	288,762
Segment profit	\$ 4,249	41.5%	\$ 3,003	\$ 15,980	4.3%	\$ 15,318

Revenues

Print advertising revenues declined as a sluggish economic recovery and secular changes in the demand for newspaper advertising continued to affect the operating revenue of newspaper publishers throughout the country. Revenues also declined from our efforts to rationalize non-profitable product offerings. Automotive and employment classified advertising and advertising by large national retailers remained particularly weak.

Preprint and other revenues declined in the quarter and year-to-date periods compared to the prior year as demand was affected by the same factors as our print advertising revenues. Preprint and other products include inserts and single-sheet advertisements included with the daily newspaper, niche publications such as community newspapers, lifestyle magazines, publications focused on the classified advertising categories of real estate, employment and auto, and other publications aimed at younger readers. We are increasing efforts to sell single-sheet advertisements delivered with our newspapers and to all homes in a market (the print and deliver initiative).

Digital revenues include advertising on our newspaper Internet sites, digital advertising provided through audience-extension programs such as our arrangement with Yahoo!, and other digital marketing services we offer to our local advertising customers, such as managing their search engine marketing campaigns. Pure-play digital advertising increased 4.9% for the 2012 quarter and was flat for the 2012 year-to-date period.

Table of Contents

Circulation revenue decreased in the quarter and year-to-date periods compared to the prior year, as higher circulation rates did not offset declines in circulation net paid levels. The declines are mostly from weakness in single-copy sales, especially on Sunday.

Other operating revenues, including commercial printing and distribution services, increased due to the impact of initiatives to garner additional revenues in these areas. For example, we offer printing and distribution of a military base publication in our Kitsap, Wash., market, and we expanded certain services we provided to non-Scripps newspapers in our Ventura market.

Costs and expenses

Employee compensation and benefits decreased in the 2012 third quarter and the year-to-date period due to the fourth quarter 2011 reduction in force initiative, which reduced the number of employees and the shifting of employees to the digital group. Our Newspaper segment receives a digital cross charge for services provided by the digital operations group, which is included in other expenses.

Newsprint and press supplies decreased by 3.1% in the 2012 quarter primarily due to lower consumption of newsprint. For the year-to-date period, newsprint and press supplies increased by 1.9% due to increased outside printing costs and increased usage of color print which was partially offset by lower consumption of newsprint.

Distribution services decreased in the 2012 quarter compared to the prior quarter and were flat for the year-to-date period compared to the prior year.

Other expenses decreased in the 2012 quarter and year-to-date period primarily due to cost reduction initiatives.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is our available cash and borrowing capacity under our revolving credit facility.

Cash flow from operating activities in the nine months ended September 30, 2012, increased \$120 million compared to the nine months ended 2011. Stronger operating performance in the 2012 period and the timing of tax payments and refunds led to most of the improvement. In 2012, we received \$28 million of tax refunds from the carryback of 2011 tax losses to prior years.

Capital expenditures in the first nine months of 2012 were \$14.2 million, up from \$7.8 million in the prior year. We expect total capital expenditures for 2012 to be approximately \$26 million.

We have met our funding requirements for our defined benefit pension plans under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. We expect to contribute \$0.3 million in the remainder of 2012 to our defined benefit pension plans although we may make additional discretionary contributions from time to time.

At September 30, 2012, we had no borrowings under our \$100 million revolving credit facility and had cash and cash equivalents of \$210 million.

Our board of directors authorized the repurchase of up to \$75 million of our Class A Common shares in 2010. We have repurchased a total of \$75 million of shares under this authorization through September 30, 2012, of which, \$23.6 million was repurchased in the first nine months of 2012. No additional shares may be repurchased pursuant to the authorization.

In November 2012, our board of directors authorized a new repurchase program of up to \$100 million of our Class A Common shares through December 2014. Shares may be repurchased from time to time at management's discretion, either in the open market, through pre-arranged trading plans or in privately negotiated block transactions. The Company currently intends to fund approximately half of the buybacks from its cash balance and half using cash proceeds from the potential exercise of employee stock options. Employees currently hold options on 8.6 million shares.

We expect that our cash and cash flow from operating activities and available borrowings under our revolving credit facility will be sufficient to meet our operating and capital needs over the next 12 months.

We continually evaluate our assets to determine if they remain a strategic fit and, given our business and the financial performance outlook, make sense to continue to be part of our portfolio.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Our objectives in managing interest rate risk are to limit the impact of interest rate changes on our earnings and cash flows, and to reduce overall borrowing costs.

We may use forward contracts to reduce the risk of changes in the price of newsprint on anticipated newsprint purchases. We held no newsprint derivative financial instruments at September 30, 2012.

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

<i>(in thousands)</i>	As of September 30, 2012		As of December 31, 2011	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Term loan	\$ 200,075	\$ 200,075	\$ 212,000	\$ 212,000

Edgar Filing: SCRIPPS E W CO /DE - Form 10-Q

Interest rate swap	1,758	1,758		
Financial instruments subject to market value risk:				
Investments held at cost	\$ 18,082	\$ (a)	\$ 15,299	\$ (a)

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

F-28

Table of Contents

CONTROLS AND PROCEDURES

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

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

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

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

Table of Contents

THE E. W. SCRIPPS COMPANY

Index to Exhibits

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

E-1