E.W. SCRIPPS Co
Form 10-Q
May 08, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2015
OR

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

For the transition period from to
Commission File Number 0-16914
THE E.W. SCRIPPS COMPANY
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization)	31-1223339 (IRS 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 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 þ No o
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 þ No o
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 o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of April 21, 2015, there were 72,253,069 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.

Index to The E.W. Scripps Company Quarterly Report
on Form 10-Q for the Quarter Ended March 31, 2015

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PART I

As used in this Quarterly Report on Form 10-Q, 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.

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.

Scripps and members of the Board of Directors of Journal Communications, Inc. ("Journal") were defendants in a class action lawsuit filed in Circuit Court, Milwaukee County, Wisconsin (Howard Goldfinger v. Journal Communications, Inc., et al.). The plaintiff in the lawsuit alleged that the directors of Journal breached their fiduciary duties to Journal shareholders in connection with the proposed transactions between Scripps and Journal and that the other parties to the lawsuit aided and abetted such alleged breaches of fiduciary duty. On November 12, 2014, the Circuit Court entered an order dismissing this lawsuit.

On January 6, 2015, the plaintiff in the above-referenced lawsuit filed a putative class action lawsuit in the United States District Court for the Eastern District of Wisconsin (Howard Goldfinger v. Journal Communications, Inc., et al.), naming Scripps, Journal, the Board of Directors of Journal, and certain subsidiaries of Scripps and Journal as defendants. The plaintiff asserted disclosure claims under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, as well as state common law claims for breaches of fiduciary duty and aiding and abetting breaches of fiduciary duty. The complaint seeks, among other remedies, injunctive relief and damages. Prior to the shareholder meetings at which the Scripps/Journal transactions were approved, the plaintiff filed a motion for expedited discovery, and the defendants filed motions to dismiss the lawsuit. Plaintiff did not seek to enjoin the shareholder meetings or the Scripps/Journal transactions. Since the closing of the Scripps/Journal transactions, the plaintiff’s motion for expedited discovery and the defendants' motions to dismiss the lawsuit remain pending. No further motions have been filed by either plaintiff or defendants. The court has yet to issue any orders with respect to the pending motions. Scripps believes the claims asserted are without merit and intends to continue to defend against them.

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Item 1A. Risk Factors

The risk factors disclosed in Item 1A. Risk Factors on our Annual Report on Form 10-K for the year ended December 31, 2014 are replaced in their entirety with those included below.

Risks Related to Our Businesses

We expect to 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 television and radio stations is sensitive to a number of factors, both locally and nationally, including the following:

- The advertising and marketing spending by 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 is affected by campaign finance laws, as well as the competitiveness of specific political races in the markets where our television and radio stations operate.

- Continued consolidation and contraction of local advertisers in our local markets could adversely impact our operating results, given that we expect the majority of our advertising to be sold to local businesses in our markets.

- Television audiences have continued to fragment 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 advertising rates, which will reflect the size and demographics of the audience reached by advertisers through our media businesses.

- Television stations have significant exposure to automotive advertising. If automobile advertising declines and we are unable to secure replacement advertisers, advertising revenues could decline and affect our profitability.

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

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, and may cause downward pricing pressure or effect our pricing 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. We 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.

The growth of direct content-to-consumer delivery channels may fragment our television audiences. This fragmentation could adversely impact advertising rates as well as a reduction in the revenues we receive from retransmission consent agreements, resulting in a loss of revenue that could materially adversely affect our television broadcast operations.

We deliver our programming to our audiences over air and through delivery by cable and satellite service providers. Our television audience is being fragmented by the digital delivery of content directly to the consumer audience. Content providers such as ABC, NBC and HBO, and new content developers, distributors and syndicators, such as Amazon, Hulu and Netflix are now able to deliver their programing directly to consumers, “over-the-top.” The delivery of content directly to the consumer allows them to bypass the programming we deliver, which may impact our audience size. Fragmentation of our audiences could impact the rates we receive from our advertises. In addition, fewer subscribers would also impact the rates we receive from retransmission consent agreements.

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Widespread adaption of over-the-top by our audiences could result in a reduction of our advertising and retransmission revenues and affect our profitability.
Our local media businesses operate in a changing and increasingly competitive environment. We will have to 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 television and radio audiences has shifted dramatically in recent years as 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 broadcast advertising rates on a cost-per-thousand basis. This audience shift results in lower profit margins. To remain competitive, we believe 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.
The loss of affiliation agreements could adversely affect our television stations' operating results.

Fifteen of our stations have affiliations with the ABC television network, five with the NBC television network, two with the FOX television network, two with each of the CBS and MY television networks and one with the CW television network. These television networks produce and distribute programming which our stations commit to air at specified times. Networks sell commercial announcement time during the programming, and the "Big 4" networks, ABC, NBC, CBS and FOX, also 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 we 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 target audiences, resulting in lower advertising revenues. In addition, loss of any network affiliation would result in materially lower retransmission revenue, particularly in the case of the "Big 4" networks.
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 require us to share 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 renewal of our affiliation agreements. If a multichannel video programming distributor (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 our retransmission revenue if such 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 our ability to negotiate acceptable retransmission consent agreements. In addition, continued consolidation among cable television operators could adversely impact our ability to negotiate acceptable retransmission consent

agreements. In May 2014, AT&T announced that it was acquiring DIRECTV, the largest direct-to-home satellite provider. This transaction remains 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,

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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. 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 our operations.

Our television stations will continue to be 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. MVPDs are pressing for legislative and regulatory changes to diminish stations' negotiating power. 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, our ability to compete effectively may be adversely affected.

- If we cannot renew our FCC broadcast licenses, our broadcast operations will be impaired. Our business will depend 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 operations. If the FCC fails to renew any of these 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 potential.

- The FCC and other government agencies are considering various proposals intended to promote consumer interests, including proposals to encourage locally-focused television programming, to restrict certain types of advertising to children, and to repurpose some of the broadcast spectrum. 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 operating results. We cannot predict the nature or scope of future government regulation or its impact on our operations.

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

Employee compensation and benefits account for a significant portion 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 actively seek 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.

At December 31, 2014, the projected benefit obligations of our pension plans exceeded plan assets by $141 million and the projected benefit obligations of the Journal pension plan we assumed in the Scripps/Journal transaction exceeded plan assets by $95 million. Accrual of service credits are frozen under both defined benefit pension plans covering a majority of employees, including those covered under supplemental executive retirement plans. These 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 these 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.

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We will continue to face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of operations, damage to our brands and reputation, legal exposure and financial losses.

Security breaches, computer malware or other "cyber attacks" could harm our business by disrupting delivery of services, jeopardizing our confidential information and that of our vendors and clients, and damaging our reputation. Our operations are expected to routinely involve receiving, storing, processing and transmitting sensitive information. Although we monitor security measures regularly and believe we are 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 our systems or the systems of our 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.

We may be required to satisfy certain indemnification obligations to Journal Media Group or may not be able to collect on indemnification rights from Journal Media Group.

Under the terms of the master agreement governing the Scripps/Journal transaction, we (as successor to Journal) will indemnify Journal Media Group, and Journal Media Group will indemnify us (as successor to Journal), for all damages, liabilities and expenses resulting from a breach by the applicable party of the covenants contained in the master agreement that continue in effect after the closing. We (as successor to Journal) will indemnify Journal Media Group for all damages, liabilities and expenses incurred by it relating to the entities, assets and liabilities retained by Scripps or Journal, and Journal Media Group will indemnify us (as successor to Journal) for all damages, liabilities and expenses incurred by it relating to Journal Media Group's entities, assets and liabilities.

In addition, we will indemnify Journal Media Group, and Journal Media Group will indemnify us, for all damages, liabilities and expenses resulting from a breach by the other of any of the representations, warranties or covenants contained in the tax matters agreements. Journal Media Group will also indemnify us for all damages, liabilities and expenses arising out of any tax imposed with respect to the Scripps newspaper spin-off if such tax is attributable to any act, any failure to act or any omission by Journal Media Group or any of its subsidiaries. We will indemnify Journal Media Group for all damages, liabilities and expenses relating to pre-closing taxes or taxes imposed on Journal Media Group or its subsidiaries because Scripps spin entity or Journal spin entity was part of the consolidated return of Scripps or Journal, and Journal Media Group will indemnify us for all damages, liabilities and expenses relating to post-closing taxes of Journal Media Group or its subsidiaries.

The indemnification obligations described above could be significant and we cannot presently determine the amount, if any, of indemnification obligations for which we will be liable or for which we will seek payment from Journal Media Group. Journal Media Group's ability to satisfy these indemnities will depend upon future financial performance. Similarly, our ability to satisfy any such obligations to Journal Media Group will depend on their respective future financial performance. We cannot assure you that we will have the ability to satisfy any substantial obligations to Journal Media Group or that Journal Media Group will have the ability to satisfy any substantial indemnity obligations to us.

Risks Related to the Ownership of Scripps Class A Common Shares

Certain descendants of Edward W. Scripps own approximately 93% of Scripps 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 the Ohio Revised Code ("ORC") does not require a vote of our class A common shares. Under our articles of incorporation, holders of class A common shares vote only for the election of one-third of the Board of Directors and are not entitled to vote on any matter other than a limited number of matters expressly set forth in the ORC as requiring a separate vote of both classes of stock. 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.

We have the ability to issue preferred stock, which could affect the rights of holders of our class A common shares.

Our articles of incorporation allow the Board of Directors to issue and set the terms of 25 million shares of preferred stock. The terms of any such preferred stock, if issued, may adversely affect the dividend, liquidation and other rights of holders of our class A common shares.

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The public price and trading volume of our class A common shares may be volatile.

The price and trading volume of our class A common shares may be volatile and subject to fluctuation. Some of the factors that could cause fluctuation in the stock price or trading volume of class A common shares include:

- general market and economic conditions and market trends, including in the television and radio broadcast industries and the financial markets generally;
- the political, economic and social situation in the United States;
- variations in quarterly operating results;
- inability to meet revenue projections;
- announcements by us or competitors of significant acquisitions, strategic partnerships, joint ventures, capital commitments or other business developments;
- adoption of new accounting standards affecting the broadcast industry;
- operations of competitors and the performance of competitors' common stock;
- litigation and governmental action involving or affecting us or our subsidiaries;
- changes in financial estimates and recommendations by securities analysts;
- recruitment of key personnel;
- purchases or sales of blocks of our class A common shares;
- operating and stock performance of companies that investors may consider to be comparable to us; and
- changes in the regulatory environment, including rulemaking or other actions by the FCC.

There can be no assurance that the price of our class A common shares will not fluctuate or decline significantly. The stock market in recent years has experienced considerable price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies and that could adversely affect the price of our class A common shares, regardless of the company's operating performance. Stock price volatility might be higher if the trading volume of our class A common shares is low. Furthermore, shareholders may initiate securities class action lawsuits if the market price of our class A common shares declines significantly, which may cause us to incur substantial costs and divert the time and attention of our management.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the quarter ended March 31, 2015.
In May 2014, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares through December 2016. No shares have been repurchased under this program as of March 31, 2015.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the quarter ended March 31, 2015.

Item 4. Mine Safety Disclosures

None.

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Item 5. Other Information

The following table presents information on matters submitted to a vote of security holders at our May 4, 2015 Annual Meeting of Shareholders:

Descriptions of Matters Submitted	In Favor	Against	Authority Withheld
1. Election of Directors			
Directors elected by holders of Class A Common Shares:			
Roger L. Ogden	20,476,867	626	7,612,925
J. Marvin Quin	23,232,943	—	4,857,475
Kim Williams	19,803,231	626	8,286,561
Directors elected by holders of Common Voting Shares:			
Charles L. Barmonde	11,661,485	—	—
Richard A. Boehne	11,661,485	—	—
Kelly P. Conlin	11,661,485	—	—
John W. Hayden	11,661,485	—	—
Anne M. La Dow	11,661,485	—	—
Mary McCabe Peirce	11,661,485	—	—
2. Advisory (non-binding) vote by holders of Common Voting Shares on executive compensation of named executive officers	11,661,485	—	—
3. Approve amendment to The E.W. Scripps Company 2010 Long-Term Incentive Plan	11,661,485	—	—

On May 4, 2015, the shareholders of Scripps, upon recommendation of our Board of Directors, approved an amendment and restatement of The E. W. Scripps Company 2010 Long-Term Incentive Plan (the “Amended LTIP”). A brief description of the Amended LTIP follows, but is subject to the full text of the plan included as an Appendix to the Proxy Statement of the Company dated March 23, 2015.

The Amended LTIP authorizes the grant of equity-based compensation to our key employees and non-employee directors in the form of incentive stock options, nonqualified stock options, stock appreciation rights, restricted shares, restricted share units, performance units, performance shares, dividend equivalents and other awards relating to our Class A Common Shares.

The Company has reserved 4,000,000 Class A Common Shares (“Shares”) (increased from 3,000,000 Shares), plus (i) any shares remaining available for issuance or delivery under The E. W. Scripps Company 1997 Long-Term Incentive Plan, as amended (the “1997 Plan”), as of May 13, 2010, and (ii) any shares that are subject to awards granted under the 1997 Plan that are forfeited, terminated, settled in cash or used to satisfy tax withholding obligations on or after that date.

The Amended LTIP is administered by the Compensation Committee of the Board of Directors, which has authority to, among other things: construe and interpret the Amended LTIP, select participants and the types of awards to be granted, and establish the terms and conditions of awards.

The Amended LTIP became effective as of February 24, 2015, the date of approval of the Board of Directors, and will continue in effect until February 15, 2020, unless sooner terminated by the Board of Directors. Termination will not affect grants and awards then outstanding.

On May 4, 2015, the Compensation Committee granted cash-based bonuses in the amount of $200,000 to the following named executive officers: Timothy M. Wesolowski, Brian G. Lawlor and William Appleton. These bonuses are in recognition of their extraordinary efforts in the successful completion of the merger of the Company's broadcast assets with those of Journal Communications, Inc. and the spin-off of our newspapers.

Item 6. Exhibits

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

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Signatures

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

THE E.W. SCRIPPS COMPANY

Dated: May 8, 2015

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

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The E.W. Scripps Company
Index to Financial Information (unaudited)

The E.W. Scripps Company
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)	As of March 31, 2015	As of December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$159,489	$158,459
Restricted cash	6,810	6,810
Accounts and notes receivable (less allowances - $2,239 and $2,136)	136,695	136,567
Inventory	5,831	6,183
Deferred income taxes	17,146	12,836
Miscellaneous	10,229	7,805
Total current assets	336,200	328,660
Investments	14,698	9,530
Property, plant and equipment	336,588	343,389
Goodwill	106,261	106,261
Other intangible assets	187,063	189,260
Deferred income taxes	35,936	37,946
Miscellaneous	15,780	17,685
Total Assets	$1,032,526	$1,032,731
Liabilities and Equity		
Current liabilities:		
Accounts payable	$17,123	$21,004
Customer deposits and unearned revenue	27,242	29,948
Current portion of long-term debt	2,000	2,000
Accrued liabilities:		
Employee compensation and benefits	33,241	33,305
Miscellaneous	35,277	38,123
Other current liabilities	23,246	10,158
Total current liabilities	138,129	134,538
Long-term debt (less current portion)	195,500	196,000
Other liabilities (less current portion)	181,942	182,260
Equity:		
Preferred stock, $.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Common stock, $.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 45,868,082 and 45,062,522 shares	459	451
Voting — authorized: 60,000,000 shares; issued and outstanding: 11,932,722 and 11,932,722 shares	119	119
Total	578	570
Additional paid-in capital	526,753	525,456
Retained earnings	113,593	118,693
Accumulated other comprehensive loss, net of income taxes	(125,626)	(126,443)
The E.W. Scripps Company total shareholders' equity	515,298	518,276
Noncontrolling interest	1,657	1,657
Total equity	516,955	519,933

Total Liabilities and Equity	$1,032,526	$1,032,731

See notes to condensed consolidated financial statements.

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The E.W. Scripps Company
Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share data)	Three Months Ended March 31, 2015	2014
Operating Revenues:		
Advertising	$144,076	$146,770
Subscriptions	31,276	32,299
Retransmission	27,918	12,474
Other	11,230	12,251
Total operating revenues	214,500	203,794
Costs and Expenses:		
Employee compensation and benefits	105,149	101,749
Programs and program licenses	21,132	12,968
Newsprint, press supplies and other printing costs	10,766	12,038
Newspaper distribution	11,326	11,916
Other expenses	49,657	49,748
Defined benefit pension plan expense	2,762	1,378
Acquisition and related integration costs	6,109	262
Total costs and expenses	206,901	190,059
Depreciation, Amortization, and (Gains) Losses:		
Depreciation		