

SCRIPPS E W CO /DE
Form 10-K
March 04, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2013 OR

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

For the transition period from to

Commission File Number 0-16914

THE E. W. SCRIPPS COMPANY

(Exact name of registrant as specified in its charter)

Ohio 31-1223339
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

312 Walnut Street 45202
Cincinnati, Ohio (Zip Code)

(Address of principal executive offices)

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

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

Class A Common shares, \$.01 par value

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

Not applicable

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer
(do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the \$15.58 per share closing price for such stock on June 28, 2013, was approximately \$482,000,000. All Class A Common shares beneficially held by executives and directors of the registrant and descendants of Edward W. Scripps have been deemed, solely for the purpose of the foregoing calculation, to be held by affiliates of the registrant. There is no active market for our Common Voting shares.

As of January 31, 2014, there were 44,212,605 of the registrant’s Class A Common shares, \$.01 par value per share, outstanding and 11,932,722 of the registrant’s Common Voting shares, \$.01 par value per share, outstanding. Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2014 annual meeting of shareholders.

Index to The E. W. Scripps Company Annual Report
on Form 10-K for the Year Ended December 31, 2013

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

Additional Information

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

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to our businesses. We base our forward-looking statements on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers’ tastes; newsprint prices; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words “believe,” “expect,” “anticipate,” “estimate,” “intend” and similar expressions identify forward-looking statements. You should evaluate our forward-looking statements, which are as of the date of this filing, with the understanding of their inherent uncertainty. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of the statement.

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PART I

Item 1. Business

We are a diverse, 135-year-old media enterprise with interests in television stations, newspapers, and local and national digital media sites. Our mission is to do well by doing good – providing value to customers, employees and owners by informing, engaging and empowering the communities we serve. We serve audiences and businesses through a growing portfolio of television, print and digital media brands. We own 19 local television stations, as well as daily newspapers in 13 markets across the United States. We also run an expanding collection of local and national digital journalism and information businesses including digital video news service Newsy. We also produce television programming, run an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee. Founded in 1879, we are focused on the stories of tomorrow. For a full listing of our media companies and their associated Web sites, visit <http://www.scripps.com>.

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

Beginning in 2013, we expanded our digital sales force in many of our markets. We believe that a broad deployment of additional sales resources supporting our digital initiatives will allow us to take advantage of opportunities in the digital space. In 2013, we hired 107 digital-only sales professionals for our television and newspaper segments and expect to hire an additional 50 in 2014.

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

In February 2014, we agreed to acquire two television stations owned by Granite Broadcasting Corporation for \$110 million in cash. The acquisition includes an ABC-affiliated station and a MyNetworkTV affiliate, which will be operated as a duopoly with our Detroit ABC affiliate. We expect this acquisition to close in the first half of 2014. On December 30, 2011, we acquired the television station group owned by McGraw-Hill Broadcasting Company, Inc., for \$212 million in cash, plus a working capital adjustment of \$4.4 million. The acquisition included four ABC-affiliated television stations, as well as five Azteca America Spanish-language affiliates.

In the first quarter of 2011, we entered into a five-year agreement with Universal Uclick (“Universal”) to provide syndication services for the news features and comics of United Media. Universal provides editorial and production services, sales and marketing, sales support and customer service, and distribution and fulfillment for all the news features and comics of United Media. Under the terms of the agreement, Scripps receives a fixed fee from Universal and continues to own certain copyrights and control the licenses for those properties and manages the business relationships with the creative talent that produces those comics and features.

In the fourth quarter of 2009, we began a review of our strategic options for United Media Licensing, the character licensing operation of United Media, which resulted in the sale of United Media Licensing to Iconix Brand Group for \$175 million in cash in the second quarter of 2010. The sale also included certain intellectual property including the rights to syndicate the Peanuts and Dilbert comic strips.

After an unsuccessful search for a buyer, we closed the Rocky Mountain News after it published its final edition on February 27, 2009.

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

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Television

Scripps has operated broadcast television stations since 1947, when it launched Ohio's first television station, WEWS-TV in Cleveland. Today, our television station group reaches approximately 13% of the nation's households and includes 10 ABC affiliates, three NBC affiliates, one independent station that we operate as a duopoly with our Kansas City NBC affiliate and five Azteca America affiliates.

We produce high quality news and information content that informs and engages local and national communities. We distribute our content to four platforms — broadcast, Web, smartphones and tablets. It is our objective to develop content and applications designed to enhance the user experience on each of those platforms. Our ability to cover our communities across multiple digital platforms allows us to expand our audiences beyond our traditional broadcast television boundaries.

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

We continue to invest in platforms for digital technology including smartphone and tablet applications for mobile delivery of our news and information content. Currently, our stations in Cincinnati, Detroit, Kansas City, Phoenix, Tampa, Tulsa, and West Palm Beach are broadcasting a mobile signal from their towers. We also are working with Mobile Content Venture, of which we are a charter member, to further exploit the potential of mobile broadcasting in our markets.

We believe that the most critical component of our product mix is compelling news content, which is an important link to the community and aids our stations' efforts to expand viewership. In addition, local news programming can provide access to advertising sources specifically to local news viewers. We have trained employees in our news departments to be multi-media journalists, allowing us to pursue a "hyper-local" strategy by having more reporters covering local news for our over-the-air and digital platforms. In 2013, a number of our television stations earned media industry awards, including the Edward R. Murrow Award, George Foster Peabody Award, Alfred I. duPont-Columbia Award, and the Scripps Howard Foundation Award.

In our non-news hours, our television stations also broadcast network programming, syndicated programming and internally produced programming. Some of the Scripps-owned programming that we broadcast on our television stations offers viewers an interactive experience. In 2012, we began a strategy to rely less on expensive syndicated programming and develop our own programming. 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 — aired during the access period between evening news and prime time. One or both of these shows have been launched in the access hour just before prime time in eight of our markets, with the intention of rolling them out in the rest of our markets when commitments to air other programming during that time period expire. Let's Ask America and The List were developed internally or in partnership with others and replaced expensive syndicated content. We believe this strategy has the potential to improve our television division's financial performance for years to come. We also air RightThisMinute, another program owned in partnership with others, in the majority of our markets. In the upcoming years, we will look to further expand our strategy of internally developed programming with additional new programming.

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

Station	Market	Network Affiliation/ DTV Channel	Affiliation Agreement Expires in	FCC License Expires in	Rank of Market (1)	Stations in Market (2)	Station Rank in Market (3)	Percentage of U.S. Television Households in Mrk (4)	Average Audience Share (5)
WXYZ-TV	Detroit, Ch. 7	ABC/41	2015	2013 (6)	11	9	1	1.6 %	11
KNXV-TV	Phoenix, Ch. 15	ABC/15	2015	2014	12	13	4	1.6 %	5
WFTS-TV	Tampa, Ch. 28	ABC/29	2015	2013 (6)	14	12	3	1.6 %	6
KMGH-TV	Denver, Ch. 7	ABC/7	2014	2014	17	11	3	1.4 %	7
WEWS-TV	Cleveland, Ch. 5	ABC/15	2015	2013 (6)	19	8	3	1.3 %	8
WRTV-TV	Indianapolis, Ch. 6	ABC/25	2014	2013 (6)	26				