E.W. SCRIPPS Co
Form 10-K
February 26, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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

Title of each class Securities registered pursuant to Section 12(b) of the Act: Class A Common shares, $.01 par value	Name of each exchange on which registered New York Stock Exchange

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 o No þ
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 o No þ
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 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. 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 þ	Accelerated filer o	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

The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the $22.85 per share closing price for such stock on June 30, 2015, was approximately $1,328,000,000. 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, 2016, there were 71,989,385 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 2016 annual meeting of shareholders.

Index to The E. W. Scripps Company Annual Report
on Form 10-K for the Year Ended December 31, 2015

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

Additional Information

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

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to our businesses. We base our forward-looking statements on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers’ tastes; 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, 137-year-old media enterprise with interests in television and radio broadcasting, as well as local and national digital media brands. Founded in 1878, our motto is "Give light and the people will find their own way." Our mission is to do well by doing good — providing value to customers, employees and owners by informing, engaging and empowering those we serve. We serve audiences and businesses through a growing portfolio of television, radio and digital media brands. We also operate an expanding collection of local and national digital journalism and information businesses including our podcast business, Midroll Media, and over-the-top ("OTT") 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 the nation's largest, most successful and longest-running educational program, the Scripps National Spelling Bee. For a full listing of our media companies and their associated websites, visit http://www.scripps.com.

On April 1, 2015, Scripps and Journal Communications, Inc. ("Journal") closed the merger of their broadcast operations and spin-off of their newspaper businesses into a separate publicly traded company. Upon completion of the transactions, Scripps shareholders received 0.25 shares of common stock of Journal Media Group for each share of Scripps stock. A $60 million special cash dividend, which was approximately $1.00 per share, was also paid to the Scripps shareholders. Journal shareholders received 0.195 shares of common stock of Journal Media Group and 0.5176 class A common shares of Scripps for each share of Journal stock.

The merged broadcast operations, which retained The E. W. Scripps Company name, is one of the nation’s largest independent TV station ownership groups, reaching nearly one in five U.S. television households and serving 24 markets. We also own 34 radio stations in eight markets. The company has approximately 3,800 employees across its television, radio and digital media operations. The merger enhances our national broadcast footprint, and we now have affiliations with all of the "Big 4" television networks.

The merger with the Journal broadcast business further leverages Scripps' digital investments, adding large and attractive markets to the portfolio, including Nashville, Las Vegas and Milwaukee. The company is expecting to build and launch market-leading digital brands that serve growing digital media audiences, in addition to supporting the on-air local news brands.

In 2011, we signaled our commitment to developing our digital media business by combining all of our digital initiatives into a single organization. Under the direction of our digital leadership, this focus allows us to find new and efficient platforms for bringing together advertisers and audiences. After completing the Journal transactions in 2015, we began reporting digital as a segment.

We continued our expansion of our national digital business with the July 22, 2015 acquisition of Midroll Media, a Los Angeles-based company that creates original podcasts and operates a network that sells advertising for more than 200 shows, including “WTF with Marc Maron" and "Comedy Bang! Bang!” The purchase price was $50 million in cash, plus a $10 million earnout provision.

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

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

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

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

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TELEVISION

Scripps has operated broadcast television stations since 1947, when it launched Ohio’s first television station, WEWS, in Cleveland. Today, our television station group reaches approximately 18% of the nation’s television households and includes 15 ABC affiliates, five NBC affiliates, two FOX affiliates, two CBS affiliates and four non big-four affiliated stations. We also own five Azteca America Spanish-language affiliates. In five of our markets, we operate both television and radio stations. Multiple properties in the same market help us to better serve advertisers, viewers and listeners and help improve our operating efficiencies.

We produce high-quality news, information and entertainment content that informs and engages local and national communities. We distribute our content on four platforms — broadcast, Internet, 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.

We believe the most critical component of our product mix is compelling news content, which is an important link to the community and aids our stations' efforts to expand viewership. 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 addition to news programming, our television stations run network programming, syndicated programming and internally produced programming. We have implemented a strategy to rely less on expensive syndicated programming and to replace it with internally developed programming. We currently air three original shows, The List, The Now, and RightThisMinute. The List is an Emmy award winning infotainment show aired on weeknights. The Now is a news show designed to take the audience into a deeper dive into the day's events. RightThisMinute is a daily news and entertainment program featuring viral videos. We wholly own The List and The Now and are a partner in RightThisMinute. These three shows have replaced expensive syndicated content in the markets in which they air. We intend to roll them out in the rest of our markets when commitments to air syndicated programming expire. In the upcoming years, we look to further expand our programming strategy of creating internally produced content and syndicating these shows. We believe this strategy has the potential to improve our television division's financial performance for years to come.

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

Station	Market	Network Affiliation/ DTV Channel	Affiliation Agreement Expires in	FCC License Expires in	Market Rank (1)	Stations in Market (2)	Station Rank in Market (3)	Percentage of U.S. Television Households in Mkt (4)	Average Audience Share (5)
WFTS-TV	Tampa, Ch. 28	ABC/29	2019	2021	11	12	4	1.6%	5
KNXV-TV	Phoenix, Ch. 15	ABC/15	2019	2022	12	13	4	1.6%	6
WXYZ-TV	Detroit, Ch. 7	ABC/41	2019	2021	13	8	2	1.6%	10
WMYD-TV	Detroit, Ch. 20	MY/21	2016	2021	13	8	6	1.6%	2
KMGH-TV	Denver, Ch. 7	ABC/7	2019	2022	17	11	3	1.4%	6
WEWS-TV	Cleveland, Ch. 5	ABC/15	2019	2021	18	8	2	1.3%	9
WMAR-TV	Baltimore, Ch. 2	ABC/38	2019	2020	26	6	4	1.0%	4
WRTV-TV	Indianapolis, Ch. 6	ABC/25	2019	2021	27	9	3	1.0%	8
KGTV-TV	San Diego, Ch. 10	ABC/10	2019	2022	28	11	3	0.9%	5
WTVF-TV	Nashville, Ch. 5	CBS/25	2018	2021	29	11	1	0.9%	15
KSHB-TV	Kansas City, Ch. 41	NBC/42	2018	2022	33	8	4	0.8%	7
KMCI-TV	Lawrence, Ch. 38	Ind./41	N/A	2022	33	8	7	0.8%	1
WTMJ-TV	Milwaukee, Ch. 4	NBC/28	2018	2021	35	16	3	0.8%	9
WCPO-TV	Cincinnati, Ch. 9	ABC/22	2019	2021	36	5	3	0.8%	8
WPTV-TV	W. Palm Beach, Ch. 5	NBC/12	2018	2021	38	7	1	0.7%	9
KTNV-TV	Las Vegas, Ch. 13	ABC/13	2017	2022	40	18	4	0.7%	6
WKBW-TV	Buffalo, Ch. 7	ABC/38	2018	2023	53	8	3	0.5%	7
KJRH-TV	Tulsa, Ch. 2	NBC/8	2018	2022	60	10	4	0.5%	8
WFTX-TV	Fort Myers/Naples, Ch. 4	FOX/35	2019	2021	61	10	3t	0.5%	5
WGBA-TV	Green Bay/Appleton, Ch. 26	NBC/41	2016	2021	68	8	4	0.4%	8
WACY-TV	Green Bay/Appleton, Ch. 32	MY/27	2016	2021	68	8	7	0.4%	1
KGUN-TV	Tucson, Ch. 9	ABC/9	2017	2022	70	15	3	0.4%	11
KWBA-TV	Tucson, Ch. 58	CW/44	2016	2022	70	15	8	0.4%	1
KMTV-TV	Omaha, Ch. 3	CBS/45	2016	2022	74	11	3	0.4%	10
KIVI-TV	Boise, Ch. 6	ABC/24	2017	2022	107	13	3	0.2%	8
WSYM-TV	Lansing, Ch. 47	FOX/38	2019	2021	113	7	4	0.2%	6
KERO-TV	Bakersfield, Ch. 23	ABC/10	2019	2022	126	4	4	0.2%	5

All market and audience data is based on the November 2015 Nielsen survey, live viewing plus 7 days of viewing on DVR.

(1) Market rank represents the relative size of the television market in the United States.
(2) Stations in Market represents stations within the Designated Market Area per the Nielsen survey excluding public broadcasting stations, satellite stations, and low-power stations.
(3) Station Rank in Market is based on Average Audience Share as described in (5).
(4) Percentage of U.S. Television Households in Market represents the number of U.S. television households in Designated Market Area as a percentage of total U.S. television households.
(5) Average Audience Share represents the number of television households tuned to a specific station from 6 a.m. to 2 a.m. M-SU, as a percentage of total viewing households in the Designated Market Area.

Historically, we have been successful in renewing our expiring FCC licenses.
We operate five low-power stations affiliated with the Azteca America network, a Hispanic network producing Spanish-language programming. The stations are clustered around our California and Denver stations. We also operate a low-power station affiliated with ABC in Twin Falls, ID.

Revenue cycles and sources

Advertising

We sell advertising to local, national and political customers. The sale of local, national and political commercial spots accounted for 76% of the television segment’s revenues in 2015. Pricing of advertising is based on audience size and share, the demographics of our audiences and the demand for our limited inventory of commercial time. Our television stations compete for advertising revenues with other sources of local media, including competitors’ television stations in the same markets, radio stations, cable television systems, newspapers, digital platforms and direct mail.

Local advertising time is sold by each station’s local sales staff who call upon advertising agencies and local businesses, which typically include advertisers such as car dealerships, retail stores and restaurants. We seek to attract new advertisers to our television stations and to increase the amount of advertising time sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or promoting local events and activities.

National advertising time is generally sold through national sales representative firms which call upon advertising agencies, whose clients typically include automobile manufacturers and dealer groups, telecommunications companies and national retailers.

Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, senate and house of representative candidates, as well as for state and local issues. It is also sold to Political Action Groups or other advocacy groups.

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

Advertising revenues increase significantly during even-numbered years when local, state and federal elections occur. In addition, every four years, political spending is typically elevated further due to the advertising preceding the presidential election. Because of the political election cyclicality, there has been a significant difference in our operating results when comparing the performance of even-numbered years to odd numbered years. Additionally, our operating results are impacted by the number and importance of individual political races and issues discussed.

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

Retransmission Revenues

We earn revenues from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. Retransmission revenues were 22% of television segment operating revenues in 2015. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. The revenue we receive is typically based on the number of subscribers the MVPD has in our local market. There are approximately 19 million subscribers to MVPD services in our markets. As of January 1, 2016, we have renewed contracts covering approximately 3 million subscribers. When we have renewed retransmission consent agreements, they have generally been at higher rates.

Prior to the spin-off in 2008 of Scripps Networks Interactive (SNI), we granted retransmission rights to MVPDs in exchange for carriage of cable networks. Pursuant to an agreement entered into as part of the spin-off, SNI pays us an annual fee for carriage of our broadcast signals by Comcast, limited to the television stations owned prior to the 2008 spin-off. This agreement with SNI expires at the end of 2019, when we expect to renew our retransmission agreement with Comcast for all of our current markets.

Our retransmission consent agreements with MVPD providers expire at various dates through 2019. The approximate number of subscribers to those services by year of expiration is as follows: 4 million in 2016, 2 million in 2017, 6 million in 2018 and 7 million in 2019. We expect our retransmission consent agreements with MVPD providers to be renewed upon expiration.

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Other

FCC rules allow broadcasters to transmit additional digital channels within the spectrum allocated to each FCC license holder. This provides viewers with additional programming alternatives at no additional cost to them. With these additional channels we may broadcast our own programs or programming of other providers such as Grit, Laff, Escape and Bounce. We may consider other alternative programming formats that we could air using our spectrum with the goal of achieving higher profits and community service.

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

Expenses

Employee costs accounted for 52% of segment costs and expenses in 2015.

We have been centralizing certain functions, such as master control, traffic, graphics and political advertising, at company-owned hubs that do not require a presence in the local markets. This approach enables each of our stations to focus local resources on the creation of content and revenue-producing activities.

Programming costs, which include network affiliation fees, syndicated programming and shows produced for us or in partnership with others, were 24% of total segment costs and expenses in 2015.

Our network-affiliated stations pay the networks for the programming that is supplied to us in various dayparts. Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the network. In exchange, the network receives affiliation fees and has the right to sell a substantial majority of the advertising time during these broadcasts. We expect our network affiliation agreements to be renewed upon expiration.

RADIO

In 2015, Scripps acquired the Journal broadcast group which included 34 radio stations in eight markets. We operate 28 FM stations and six AM stations.

We employ a variety of sales-related and programming strategies to maximize our share of the advertising spending. We have aligned our radio stations in clusters within a market, building each cluster around a lead station. We seek to create unique and differentiated brand positions at each station within a cluster so that we can offer distinct solutions for a variety of advertisers in each of our markets. This approach has allowed us to target our stations' formats and sales efforts to better serve advertisers and listeners, as well as leverage operating expenses to maximize the performance of each station and the cluster.

Our radio stations focus on providing targeted and relevant local programming that is responsive to the interest of the communities in which we serve, strengthening our brand identity and allowing us to provide effective marketing solutions for advertisers by reaching their targeted audiences.

Our Milwaukee radio station, WTMJ-AM, currently maintains exclusive radio broadcast rights for the Green Bay Packers and Milwaukee Brewers and operates a statewide network for their games.

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Information concerning our radio stations, their formats and the markets in which they operate is as follows:

Market and Station	Format	Station Rank in Market (1)	Stations in Market (2)	FCC License Class (3)	FCC License Expires in
Milwaukee, WI					
WTMJ-AM (4)	News/Talk/Sports	2	36	B	2020
WKTI-FM (4)	Country	14	36	B	2020
Omaha, NE					
KEZO-FM (4)	Rock	3	19	C0	2013 (5)
KKCD-FM (4)	Classic Rock	11t	19	C2	2021
KSRZ-FM (4)	Adult Contemporary	6	19	C	2021
KXSP-AM	Sports	16	19	B	2021
KQCH-FM (4)	Contemporary Hits	4	19	C	2021
Tucson, AZ					
KFFN-AM	Sports (Simulcast)	22t	23	C	2021
KMXZ-FM (4)	Adult Contemporary	2	23	C	2021
KQTH-FM (4)	News/Talk	14t	23	A	2021
KTGV-FM	Rhythmic AC	16	23	C2	2021
Knoxville, TN					
WCYQ-FM	Country	8t	19	A	2020
WWST-FM (4)	Contemporary Hits	3	19	C1	2020
WKHT-FM (4)	Contemporary Hits/Rhythmic	5	19	A	2020
WNOX-FM (4)	Classic Hits	6	19	C	2020
Boise, ID					
KJOT-FM	Variety Rock	22	23	C	2021
KQXR-FM	Active Rock	20t	23	C1	2021
KTHI-FM	Classic Hits	4	23	C	2021
KRVB-FM	Adult Alternative	10t	23	C	2021
Wichita, KS					
KFDI-FM (4)	Country	1	20	C	2021
KICT-FM (4)	Rock	3	20	C1	2021
KFXJ-FM (4)	Classic Rock	7	20	C2	2021
KFTI-AM	Classic Country	20t	20	B	2021
KYQQ-FM	Regional Mexican	18	20	C0	2021
Springfield, MO					
KSGF-AM & FM	News/Talk (Simulcast)	5	18	B/C3	2021
KTTS-FM	Country	1	18	C	2021
KSPW-FM	Contemporary Hits	2	18	C2	2021
KRVI-FM	Adult Hits	8t	18	C3	2021
Tulsa, OK					
KFAQ-AM (4)	News/Talk	18	24	A	2021
KVOO-FM (4)	Country	10t	24	C	2021
KXBL-FM (4)	Classic Country	6	24	C1	2021
KHTT-FM	Contemporary Hits	12	24	C0	2021

KBEZ-FM	Classic Hits	7	24	C0	2021

(1) Station Market Rank equals the ranking of each station in its market, according to the Fall 2015 Nielson audio survey. The diary ranking is determined based on the estimated share of persons 12 years and older and the Portable People Meter ("PPM") ranking is based on the estimated share of persons six years and older listening during an average 15-minute increment (also knows as "average quarterly hour," or "AQH," share) occurring Monday-Sunday between 6:00 a.m. and midnight.

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(2) Includes stations qualified to be reported in the Fall 2015 Arbitron ratings book. To be reported in a diary market, a station must have met the following requirements among persons 12 years and older occurring Monday-Sunday between 6:00 a.m. and midnight:

a. Must be credited for at least one quarter-hour in at least 10 in-tab diaries, have a metro cume rating of 0.495 or greater and a metro AQH rating of 0.05 or greater.

b. Must have received at least one quarter-hour of listening credit from at least one in-tab panelist and have a metro cume rating of 0.495 or greater.

(3) The FCC license class is a designation for the type of license based upon the radio broadcast service area according to radio broadcast rules compiled in the Code of Federal Regulations.

(4) Stations that are broadcasting in digital.

(5) License pending renewal.

Revenue sources

Advertising

The primary source of revenue for our radio stations is from the sale of advertising to local advertisers. We also sell non-traditional advertising, which includes initiatives to attract new local advertisers, such as the creation of new content and programs that combine television or radio with digital, national and political advertising. Although it is not as significant as in the television segment, our radio stations may benefit from political advertising in even numbered years.

We strive to maximize revenue dollars through the broadcast of commercials without diminishing listening levels. While the number of advertisements broadcast during a given time period may vary, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year, unless there has been a format change.

Other

Other revenue includes the sports affiliation fees we receive at WTMJ-AM for the statewide broadcast of the Green Bay Packers and Milwaukee Brewers. We also offer marketing opportunities for our customers, including sponsorships and community events.

Expenses

Employee costs accounted for 48% of segment costs and expenses in 2015.

Programming costs, which are comprised primarily of music license fees and sports rights fees, were 23% of total segment costs and expenses in 2015. We pay music license fees to performing rights organizations which allows us to broadcast music. The sports rights fees include the costs for our exclusive rights to broadcast the Green Bay Packers and Milwaukee Brewers.

Federal Regulation of Broadcasting — Broadcast television and radio are subject to the jurisdiction of the FCC pursuant to the Communications Act of 1934, as amended (“Communications Act”). The Communications Act prohibits the operation of broadcast stations except in accordance with a license issued by the FCC and empowers the FCC to revoke, modify and renew broadcast licenses, approve the transfer of control of any entity holding such a license, determine the location of stations, regulate the equipment used by stations and adopt and enforce necessary regulations. As part of its obligation to ensure that broadcast licensees serve the public interest, the FCC exercises limited authority over broadcast programming by, among other things, requiring certain children's television programming and limiting commercial content therein, regulating the sale of political advertising and the distribution of emergency information, and restricting indecent programming. The FCC also requires television broadcasters to close caption their programming for the benefit of persons with hearing impairment and to ensure that any of their programming that is later transmitted via the Internet is captioned. Network-affiliated television broadcasters in larger markets must also offer audio narration of certain programming for the benefit of persons with visual impairments. Reference should be made to the Communications Act, the FCC’s rules and regulations, and the FCC’s public notices and published decisions for a fuller description of the FCC’s extensive regulation of broadcasting.

Broadcast licenses are granted for a term of up to eight years and are renewable upon request, subject to FCC review of the licensee's performance. All the Company's applications for license renewal during the current renewal cycle have been granted for full terms except for the timely-filed application of radio station KEZO-FM, Omaha, NE, which license remains in effect pending processing by the FCC. While there can be no assurance regarding the renewal of our broadcast licenses, we have never had a license revoked, have never been denied a renewal, and all previous renewals have been for the maximum term.

FCC regulations govern the ownership of radio and television stations and other media. Under the FCC's current rules, a license for a television station will generally not be granted or renewed if the grant of the license would result in (i) the applicant owning or controlling more than one television station, or in some markets under certain conditions, more than two television stations in the same market (the "television duopoly rule"), or (ii) the applicant owning or controlling television stations whose total national audience reach exceeds 39% of all television households. The Company enjoys a waiver of this television duopoly rule in the Green Bay, Wisconsin market.

A television station that provides more than 15% of another in-market television station's weekly programming will be deemed to have an attributable interest in that station that subjects the stations to the FCC's ownership limits. The FCC in 2014 modified its rules to impose this duopoly rule's restrictions on separately-owned television stations within a market that engage in joint advertising sales, and it is considering imposing disclosure and other limits on local stations that share facilities or services such as program production. Each of stations WPTV-TV, West Palm Beach, Florida, and KIVI-TV, Nampa (Boise), Idaho, is a party to a shared services agreement with another local station pursuant to which it provides, among other services, less than 15% of the other station's weekly programming. Station WSYM-TV, Lansing, Michigan, is a party to a joint advertising agreement with a local station that would be subject to the revised rule's requirements, but Congress has granted such stations a "grandfathered" status that will permit continuation of these agreements without attribution through 2025.

The FCC's local radio ownership rule limits the number of radio stations an entity may own in a given market depending on the size of that radio market. Specifically, in a radio market with 45 or more commercial and noncommercial radio stations, a party may own or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM). In a radio market with between 30 and 44 radio stations, a party may own or control up to seven commercial radio stations, not more than four of which are in the same service. In a radio market with between 15 and 29 radio stations, a party may own or control up to six commercial radio stations, not more than four of which are in the same service. In a radio market with 14 or fewer radio stations, a party may own or control up to five commercial radio stations, not more than three of which are in the same service, except that a party may not own or control more than 50% of the stations in the market, except for combinations of one AM and one FM station. The FCC relies on Nielson to define the radio market in most areas of the country, but for stations outside a Nielson-defined market this definition depends upon a technical analysis of the stations' service areas. A radio station that provides more than 15% of another in-market station's weekly programming or sells more than 15% of another in-market station's weekly advertising will be deemed to have an attributable interest in that station that subjects the stations to the ownership rule limits.

The FCC's radio-television cross-ownership rule separately limits broadcast ownership, generally allowing: common ownership of one or two television stations and up to six radio stations, or, in certain circumstances, one television station and seven radio stations in any market where at least 20 independent voices would remain after the combination; two television stations and up to four radio stations in a market where at least 10 independent voices would remain after the combination; and one television and one radio station notwithstanding the number of independent voices in the market. A "voice" under this rule generally includes independently owned and locally-received commercial and noncommercial broadcast television and radio stations, significant local newspapers, and one local cable system.

The restrictions imposed by the FCC's ownership rules may apply to a corporate licensee due to the ownership interests of its officers, directors or significant shareholders. If such parties meet the FCC's criteria for holding an attributable interest in the licensee, they are likewise expected to comply with the ownership limits, as well as other licensee requirements such as compliance with certain criminal, antitrust, and antidiscrimination laws.

The FCC routinely reviews its ownership rules, and we cannot predict the outcome of the FCC's ongoing reconsideration of these ownership issues or the effect of any FCC revision of these ownership policies on our stations' operations or our business.

In order to provide additional spectrum for mobile broadband and other services, Congress has granted the FCC authority to conduct spectrum auctions in which some television broadcasters would voluntarily give up spectrum in return for a share of the auction proceeds. The FCC has begun the process of conducting an auction to purchase television broadcast spectrum and intends to complete the auction during 2016. Broadcasters are concerned that the

FCC's approach to the post-auction "repacking" of the remaining television stations into the reduced broadcast spectrum may not adequately protect stations' over-the-air service and may particularly disadvantage any stations that are relocated to the frequencies that will then be employed for wireless service purposes in other geographic areas. Broadcasters also are concerned that the FCC's post-auction plans do not provide sufficient time to complete the repacking before the sold spectrum will be authorized for wireless use and that there will not be adequate compensation for those stations that are required to change facilities due to repacking. Implementing the post-auction changes in stations' frequencies and tower site locations may be complicated and costly, and stations located near the Canadian and Mexican borders are at particular risk of service loss and difficulty in finding alternative transmitter sites due to the need to coordinate international frequency use. Despite warnings about potential difficulties, such as a lack of available

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qualified tower crews for the significant number of moves that may be required, the FCC has expressed confidence that adequate time will be available to complete the repacking, and it plans to impose a “hard” deadline that could require a station that is unable to relocate in time to cease broadcasting on its existing frequency even though its new facility is not yet ready to provide service.

Separately, the FCC has expanded its commitment to permitting non-broadcast spectrum use in the “white spaces” between television stations' protected service areas despite broadcasters’ concerns about the possibility of harmful interference to their existing service and to the potential for innovative uses of their broadcast spectrum in the future. In connection with the auction process, the FCC has tentatively decided to further reduce the spectrum available for television broadcasting by reserving one or two 6 MHz channels in each market for non-broadcast, unlicensed services (including wireless microphones). The repacking of television broadcast spectrum and the reservation of spectrum in the “broadcast” band for interference-protected non-broadcast services could have a particularly adverse effect on the ability of low-power and translator television stations to offer service since these stations may not be able to find space to operate in the reduced band and they enjoy only “secondary” status that offers no protection from interference caused by a full-power station. We cannot predict the effect of these proceedings on our offering of digital television service or our business.

Broadcast television stations generally enjoy “must-carry” rights on any cable television system defined as “local” with respect to the station. Stations may waive their must-carry rights and instead negotiate retransmission consent agreements with local cable companies. Similarly, satellite carriers, upon request, are required to carry the signal of those television stations that request carriage and that are located in markets in which the satellite carrier chooses to retransmit at least one local station, and satellite carriers cannot carry a broadcast station without its consent. The Company has elected to negotiate retransmission consent agreements with cable operators and satellite carriers for both our network-affiliated stations and our independent stations.

In accord with a Congressional directive, the FCC has recently initiated a new rulemaking to reexamine the retransmission consent negotiation process and particularly the standards that may trigger the agency’s intervention to enforce the obligation of the parties to negotiate these agreements in “good faith.” While the FCC has previously concluded that it lacks authority to require arbitration or mandate station carriage, it has restricted the practice whereby some independently-owned stations in a market would jointly negotiate retransmission consent rights, and it is seeking additional comment on whether it should eliminate its “network nonduplication” and “syndicated exclusivity” rules that permit broadcasters to enforce certain contractual programming exclusivity rights through the FCC's processes rather than by judicial proceedings. We cannot predict the outcome of these proceedings or their possible impact on the Company.

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

Radio station revenues are subject to the regulatory decisions of the Copyright Royalty Board (“CRB”) which sets rates for broadcasters’ royalty payments to music copyright holders for the performance of their works. Whether radio stations should also pay royalties to music performers is a long-standing and controversial topic before Congress. We cannot predict the impact that future decisions of the CRB or Congress with respect to these matters might have upon our radio stations’ revenues or their possible impact on the Company.

During recent years, the FCC has significantly increased the penalties it imposes for violations of its rules and policies. For example, a recent settlement of an investigation involving a single radio station’s failure to broadcast

proper sponsorship identification announcements in a series of ads required the licensee to make a payment of over $500,000. Uncertainty continues regarding the scope of the FCC's authority to regulate indecent programming, but the agency has increased its enforcement efforts regarding other programming issues such as broadcasting proper emergency alerts and extending service to persons with disabilities. We cannot predict the effect of the FCC’s expanded enforcement efforts on the Company.

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DIGITAL

Our digital segment includes a collection of local and national digital brands. The local brands consist of our television and radio station websites, as well as the related smartphone and tablet apps, which earn revenues from advertising sales and related digital advertising products and marketing services. Our local digital sites offer comprehensive local news, information and user-generated content, as well as national content and other content sources. We continue to enhance our online and digital services using features such as long-form text articles in addition to streaming video and audio, to deliver news and information. Many of our journalists routinely produce videos for consumption through our digital platforms and use an array of social media sites, such as Facebook, YouTube and Twitter, to communicate with and build our audiences. We have embraced mobile technology by offering our products on apps available on the Apple, Android, Kindle Fire and Windows platforms. During the fourth quarter of 2015 our local markets served 253 million page views and had an average of 21.7 million unique users; we had approximately 950,000 monthly active users of our local, mobile and tablet apps; and combined, our local websites and mobile products delivered approximately 25 million video views.

The national digital brands compete on emerging platforms and marketplaces where audience and revenue growth are the fastest, such as over-the-top (OTT) audio and video. OTT refers to the delivery of audio, video and other media over the Internet through third parties such as Hulu, Netflix, HBO NOW and Sling TV. Consumers can access the OTT content through internet-connected devices such as computers, gaming consoles (such as PlayStation or Xbox), set-top boxes (such as Roku or Apple TV), smartphones, smart TVs and tablets. A podcast is a digital audio recording, usually part of a themed series, which can be downloaded from the Internet to a media player or computer. Both OTT video and audio-podcasting platforms enable us to expand our reach and number of viewers beyond that of our local audience and also enable us to attract a variety of different advertisers.

Our national digital brands includes Newsy and Midroll Media (Midroll). Newsy is an OTT video news service focused on the millennial generation that brings perspective and analysis to reporting on world and national news, including politics, entertainment, science and technology. During the fourth quarter of 2015, Roku users spent an average of 27 minutes per session watching Newsy content. Apple TV named Newsy to its "Best of 2015" app list. Another national digital brand, Midroll, is a podcast industry leader that creates original podcasts and operates a network that generates revenue for more than 200 shows, with on-air talent such as Marc Maron and Bill Simmons. Midroll also has a subscription service called Howl which operates through a smartphone app that makes it easier to find and engage with podcasts. During the fourth quarter of 2015, Midroll's podcasts were downloaded an average of 113 million times per month.

Revenue sources

Digital advertising

Our local and national digital operations earn revenue primarily through the sale of advertising to local and national customers. Digital advertising includes fixed-duration campaigns whereby, for a fee, a video preroll, a banner, text or other advertisement appears for a specified period of time; impression-based campaigns where the fee is based on the number of times the advertisement appears in webpages viewed by a user; and click-through campaigns where the fee is based on the number of users who click on an advertisement and are directed to the advertisers’ websites. We use a variety of audience-extension programs to enhance the reach of our websites and garner a larger share of advertising dollars that are spent online.

Another source of advertising revenue comes from our national digital brand Midroll, which earns revenue from the sale of advertisement spots on its original podcasts which it creates and distributes through its owned-and-operated networks, Earwolf and Wolfpop.

Other

Other revenue sources primarily include digital marketing and subscription services.

We offer our local advertising customers additional marketing services, such as managing their search engine marketing campaigns. Additionally, Midroll acts as a sales and marketing representative by working with advertisers to connect them to a specific podcast based on the advertiser's desired target audience.

The primary source of subscription revenue comes from Howl, which is a subscription service launched by Midroll in August 2015, where users pay a standard monthly fee for access to premium content service.

Expenses

Employee costs accounted for 68% of segment costs and expenses in 2015.

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Other segment costs and expenses in 2015 were attributable to news coverage costs, network and digital hosting costs and other miscellaneous expenses.

Syndication and Other

Syndication and other primarily includes the syndication of news features and comics and other features for the newspaper industry.

Employees

As of December 31, 2015, we had approximately 3,800 full-time equivalent employees, of whom approximately 2,800 were with television, 400 with radio and 400 with our digital operations. Various labor unions represent approximately 400 employees, the majority of which are in television. We have not experienced any work stoppages at our current operations since 1985. We consider our relationships with our employees to be satisfactory.

Item 1A. Risk Factors

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

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 and radio 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 advertising in the automotive and services industries. If advertising within these industries 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.

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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 and radio advertising marketplace, and may cause downward pricing pressure or affect 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 cause 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 television programming to our audiences over air and through 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 the "Big 4" broadcast networks, cable networks such as HBO and Showtime, 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 advertisers. In addition, fewer subscribers of cable and satellite service providers would also impact the revenue we receive from retransmission consent agreements.

Widespread adoption of over-the-top by our audiences could result in a reduction of our advertising and retransmission revenues and affect our profitability.

Our radio broadcasting stations similarly confront audience fragmentation caused by a proliferation of alternative digital programming services-including mobile services-that could affect their advertising rates.

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 each of the FOX, 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 advertising time during the programming, and the "Big 4" networks, ABC, NBC, CBS and FOX, also require stations to pay fees for 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 respective 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

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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, by new technologies for the distribution of broadcast programming, or by revised government regulations.

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. 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. Congress, for example, has directed the FCC to reexamine its policies concerning the parties' legal obligation to bargain in "good faith," and MVPDs are urging the FCC to prescribe new limits on a station's ability to limit access to its programming during such negotiations. In addition, continued consolidation among cable television operators could adversely impact our ability to negotiate acceptable retransmission consent agreements.

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, the FCC is considering 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 and other regulations 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.

- As discussed under Federal Regulation of Broadcasting, the FCC is encouraging some television licensees to voluntarily auction away their spectrum rights in order to increase the spectrum available for wireless service use. After this auction, an undetermined number of the remaining television stations will have their licenses modified to specify new operating frequencies and/or new transmitter locations, and the FCC is setting tight deadlines for the completion of these facility changes in order to make the reallocated spectrum promptly available to buyers. Depending on the number of such relocations required, some stations could confront substantial costs and

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difficulty in completing these relocations within the allotted time, adversely affecting these stations' over-the-air service. Also, some television stations may be assigned to the spectrum band that is otherwise being reallocated to wireless use, and this separation from other television stations could affect them in unexpected ways, such as limiting their options to offer advanced services in the future.

- The FCC and other government agencies are considering other proposals intended to promote consumer interests, including proposals to encourage locally-focused public interest television programming and restrict certain types of advertising to children. New government regulations affecting the television industry could raise programming costs, restrict broadcasters' operating flexibility, reduce advertising revenues, raise the costs of delivering broadcast signals, or otherwise affect 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 our 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, 2015, the projected benefit obligations of our pension plans exceeded plan assets by $203 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 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.
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 our future financial performance. We cannot assure 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.

Journal Media Group is a party to a merger agreement pursuant to which it has agreed to become a wholly owned subsidiary of Gannett Co., Inc. The completion of this merger will neither change the indemnification obligations of Scripps or Journal Media Group described above nor result in Gannett Co., Inc. itself bearing any responsibility to fulfill Journal Media Group's 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.

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;

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- 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 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

Item 3. 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 4. Mine Safety Disclosures

None.

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Executive Officers of the Company — Executive officers serve at the pleasure of the Board of Directors.

Name	Age	Position
Richard A. Boehne	59	President, Chief Executive Officer and Director (since July 2008); Executive Vice President (1999 to 2008) and Chief Operating Officer (2006 to 2008)
Timothy M. Wesolowski	57	Senior Vice President and Chief Financial Officer (since August 2011); Treasurer (2011 to 2015); Senior Vice President Finance - Call Center Division, Convergys Corporation (2010 to 2011); Senior Vice President Finance/Controller, Convergys Corporation (2006 to 2009)
William Appleton	67	Senior Vice President and General Counsel (since July 2008); Managing Partner Cincinnati office, Baker & Hostetler, LLP (2003 to 2008)
Lisa A. Knutson	50	Senior Vice President/Chief Administrative Officer (since September 2011); Senior Vice President/Human Resources (2008 to 2011)
Brian G. Lawlor	49	Senior Vice President/Television (since January 2009); Vice President/General Manager of WPTV (2004 to 2008)
Adam Symson	41	Senior Vice President/Digital (since February 2013); Chief Digital Officer (2011 to February 2013); Vice President Interactive Media/Television (2007 to 2011)
Douglas F. Lyons	59	Vice President, Controller (since July 2008) and Treasurer (since May 2015); Vice President Finance/Administration (2006 to 2008), Director Financial Reporting (1997 to 2006)

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A Common shares are traded on the New York Stock Exchange (“NYSE”) under the symbol “SSP.” As of December 31, 2015, there were approximately 16,437 owners of our Class A Common shares, based on security position listings, and 70 owners of our Common Voting shares (which do not have a public market). On April 1, 2015, Scripps' shareholders received a $60 million special cash dividend as part of the Journal broadcast merger and newspaper spin-off transactions. We did not pay any cash dividends in 2014.

The range of market prices of our Class A Common shares, which represents the high and low sales prices for each full quarterly period, are as follows:

	Quarter			
	1st	2nd	3rd	4th
2015				
Market price of common stock:				
High	$28.44	$25.41	$23.10	$22.56
Low	19.73	21.73	16.01	17.27
Cash dividends per share of common stock	$—	$1.03	$—	$—
2014				
Market price of common stock:				
High	$21.40	$21.16	$21.76	$23.34
Low	16.17	16.06	16.31	15.22
Cash dividends per share of common stock	$—	$—	$—	$—

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 December 31, 2015 and the remaining amount that may still be purchased 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
10/1/15-10/31/15	122,340	$17.64	$2,158,256	$86,940,335
11/1/15-11/30/15	40,000	20.85	834,017	$86,106,318
12/1/15-12/31/15	116,500	19.99	2,328,640	$83,777,678
Total	278,840	$19.08	$5,320,913	

In May 2014, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares. We repurchased a total of $16 million shares under this authorization through December 31, 2015. An additional $84 million of shares may be repurchased pursuant to the authorization, which expires December 31, 2016.

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Performance Graph — Set forth below is a line graph comparing the cumulative return on the Company's Class A Common shares, assuming an initial investment of $100 as of December 31, 2010, and based on the market prices at the end of each year and assuming dividend reinvestment, with the cumulative return of the Standard & Poor's Composite-500 Stock Index and an Index based on a peer group of media companies. The spin-off of our newspaper business at April 1, 2015 is treated as a reinvestment of a special dividend pursuant to SEC rules.
We continually evaluate and revise our Peer Group Index as necessary so that it is reflective of our Company's portfolio of businesses. The companies that comprise our Current Peer Group Index are Nexstar Broadcasting Group, TEGNA, Media General, Sinclair Broadcast Group, Tribune Media, Gray Television, Saga Communications and Beasley Broadcast Group.

Our peer group was revised in 2015 to exclude McClatchy, New York Times Company and Tribune Publishing and include Saga Communications and Beasley Broadcast Group following the spin-off of our newspaper business and acquisition of the Journal radio group. The Peer Group Index is weighted based on market capitalization.

	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
The E. W. Scripps Company	$100.00	$78.92	$106.50	$213.99	$220.20	$212.11
S&P 500 Index	100.00	102.11	118.45	156.82	178.28	180.75
Current Peer Group Index	100.00	98.68	135.68	298.82	272.40	257.34
Previous Peer Group Index	100.00	91.61	121.08	257.06	233.46	217.72

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The following graph compares the return of the Company's Class A Common shares with that of the indices noted above for the period of April 1, 2015 (date of newspaper spin-off) through December 31, 2015. The graph assumes an investment of $100 in our Class A Common shares, the S&P 500 Index, and an Index based on a peer group of media companies and that all dividends were reinvested. This graph uses the same Peer Group Index stated above.

	4/1/2015	6/30/2015	9/30/2015	12/31/2015
The E. W. Scripps Company	$100.00	$94.62	$73.17	$78.67
S&P 500 Index	100.00	100.66	94.18	100.82
Current Peer Group Index	100.00	97.87	74.28	84.97

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Item 6. Selected Financial Data

The Selected Financial Data required by this item is filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations required by this item is filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

The Financial Statements and Supplementary Data required by this item are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The Controls and Procedures required by this item are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

Information required by Item 10 of Form 10-K relating to directors is incorporated by reference to the material captioned “Election of Directors” in our definitive proxy statement for the Annual Meeting of Shareholders (“Proxy Statement”). Information regarding Section 16(a) compliance is incorporated by reference to the material captioned “Report on Section
16(a) Beneficial Ownership Compliance” in the Proxy Statement.

We have adopted a code of conduct that applies to all employees, officers and directors of Scripps. We also have a code of ethics for the CEO and Senior Financial Officers that meets the requirements of Item 406 of Regulation S-K and the NYSE listing standards. Copies of our codes of ethics are posted on our website at http://www.scripps.com.

Information regarding our audit committee financial expert is incorporated by reference to the material captioned “Corporate Governance” in the Proxy Statement.

The Proxy Statement will be filed with the Securities and Exchange Commission in connection with our 2016 Annual Meeting of Shareholders.

Item 11. Executive Compensation

The information required by Item 11 of Form 10-K is incorporated by reference to the material captioned “Compensation Discussion and Analysis” and “Compensation Tables” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 of Form 10-K is incorporated by reference to the material captioned “Report on the Security Ownership of Certain Beneficial Owners,” “Report on the Security Ownership of Management,” and “Equity Compensation Plan Information” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 of Form 10-K is incorporated by reference to the materials captioned “Corporate Governance” and “Report on Related Party Transactions” in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of Form 10-K is incorporated by reference to the material captioned “Report of the Audit Committee of the Board of Directors” in the Proxy Statement.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report:

(a) The consolidated financial statements of The E. W. Scripps Company are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

The reports of Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, dated February 26, 2016, are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

(b) There are no supplemental schedules that are required to be filed as part of this Form 10-K.

(c) An exhibit index required by this item appears at page S-2 of this Form 10-K.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) 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: February 26, 2016	By: /s/ Richard A. Boehne
	Richard A. Boehne President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated, on February 26, 2016.

Signature	Title
/s/ Richard A. Boehne Richard A. Boehne	Chairman of the Board of Directors, President, Chief Executive Officer (Principal Executive Officer)
/s/ Timothy M. Wesolowski Timothy M. Wesolowski	Senior Vice President and Chief Financial Officer
/s/ Douglas F. Lyons Douglas F. Lyons	Vice President, Controller and Treasurer (Principal Accounting Officer)
/s/ Charles Barmonde Charles Barmonde	Director
/s/ Kelly P. Conlin Kelly P. Conlin	Director
/s/ John W. Hayden John W. Hayden	Director
/s/ Anne M. La Dow Anne M. La Dow	Director
/s/ Roger L. Ogden Roger L. Ogden	Director
/s/ Mary Peirce Mary Peirce	Director
/s/ J. Marvin Quin	Director

J. Marvin Quin	
/s/ Kim Williams Kim Williams	Director

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Selected Financial Data
Five-Year Financial Highlights

	For the years ended December 31,				
(in millions, except per share data)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)
Summary of Operations (2)					
Total operating revenues	$716	$499	$432	$504	$314
(Loss) income from continuing operations before income taxes	(99)	9	(22)	41	(25)
Net (loss) income from continuing operations	(67)	9	(10)	31	(14)
Depreciation and amortization of intangibles	(52)	(32)	(31)	(30)	(18)
Per Share Data					
(Loss) income from continuing operations — diluted	$(0.86)	$0.16	$(0.18)	$0.57	$(0.24)
Cash dividends	1.03	—	—	—	—
Market Value of Common Shares at December 31					
Per share	$19.00	$22.35	$21.72	$10.81	$8.01
Total	1,591	1,274	1,217	600	435
Balance Sheet Data					
Total assets	$1,681	$1,031	$966	$1,031	$971
Long-term debt (including current portion)	399	196	200	196	212
Equity	901	520	548	540	517

Notes to Selected Financial Data

As used herein and in Management's Discussion and Analysis of Financial Condition and Results of Operations, 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.

The statement of operations and cash flow data for the five years ended December 31, 2015, and the balance sheet data as of the same dates have been derived from our audited consolidated financial statements. All per-share amounts are presented on a diluted basis. The five-year financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere herein.

(1) 2015 — On April 1, 2015, we acquired the broadcast group owned by Journal Communications, Inc. On July 22, 2015, we acquired Midroll Media. Operating results for each are included for periods after the acquisitions.

2014 — On January 1, 2014, we acquired Media Convergence Group, Inc., which operates as Newsy. On June 16, 2014, we acquired two television stations owned by Granite Broadcasting Corporation. Operating results for each are included for periods after the acquisitions.

2011 — On December 30, 2011, we acquired the television station group owned by McGraw-Hill Broadcasting, Inc. Operating results are included for periods after the acquisition.

(2) The five-year summary of operations excludes the operating results of the following entities and the gains (losses) on their divestiture as they are accounted for as discontinued operations:

2015 — On April 1, 2015, we completed the spin-off of our newspaper business.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The consolidated financial statements and notes to consolidated financial statements are the basis for our discussion and analysis of financial condition and results of operations. 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; 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 the statement is made.

Executive Overview

The E. W. Scripps Company ("Scripps") is a diverse media enterprise, serving audiences and businesses through a portfolio of television, radio and digital media brands. We operate an expanding collection of local and national digital journalism and information businesses including our podcast business, Midroll, and over-the-top ("OTT") 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 the nation's largest, most successful and longest-running educational program, the Scripps National Spelling Bee.

On April 1, 2015, Scripps and Journal Communications, Inc. ("Journal") closed their transactions to merge their broadcast operations and spin-off their newspaper businesses into a separate publicly traded company. Upon completion of the transactions, Scripps shareholders received 0.25 shares of common stock of Journal Media Group for each share of Scripps stock. A $60 million special cash dividend, which was approximately $1.00 per share, was also paid to the Scripps shareholders. Journal shareholders received 0.195 shares of common stock of Journal Media Group and 0.5176 class A common shares of Scripps for each share of Journal stock they held.

Journal Media Group ("JMG") combined the 13 Scripps newspapers with Journal's Milwaukee Journal Sentinel. Operations for Scripps' newspapers are included in our operating results for the periods prior to April 1, 2015 as discontinued operations.

The merged broadcast operations, which retained The E. W. Scripps Company name, is one of the nation's largest independent TV station ownership groups, reaching nearly one in five U.S. television households and serving 24 markets. We also own 34 radio stations in eight markets. The company has approximately 3,800 employees across its television, radio and digital media operations. The merger enhances our national broadcast footprint, and we now have affiliations with all of the "Big 4" television networks.

The merger with the Journal broadcast business further leverages Scripps' digital investments, adding large and attractive markets to the portfolio. We expect to build and launch market-leading digital brands that serve growing digital media audiences.

We continued our expansion of our digital business with the July 22, 2015 acquisition of Midroll Media, a Los Angeles-based company that creates original podcasts and operates a network that sells advertising for more than 200 shows, including "WTF with Marc Maron" and "Comedy Bang! Bang!" The purchase price was $50 million in cash,

plus a $10 million earnout provision.

The evolution of the OTT market has created new distribution platforms for Newsy. We believe the OTT market provides significant opportunities to expand the Newsy audience. We have announced agreements with Apple TV, Comcast's Watchable, PlutoTV, and Xumo and are accelerating our rollout of Newsy to other OTT services. The development of OTT services will require additional investment in Newsy. The additional investment, combined with other market changes that resulted in the slower development of our original revenue model, created indications of impairment of goodwill as of September 30, 2015. In

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the third quarter of 2015, we recorded a $21 million non-cash charge to reduce the carrying value of goodwill and $2.9 million to reduce the value of certain intangible assets.

Results of Operations

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

Consolidated Results of Operations

Consolidated results of operations were as follows:

	For the years ended December 31,				
(in thousands)	2015	Change	2014	Change	2013
Operating revenues	$715,656	43.5 %	$498,752	15.4 %	$432,357
Employee compensation and benefits	(340,042)	31.9 %	(257,870)	14.3 %	(225,644)
Programs and program licenses	(121,479)	118.9 %	(55,487)	3.1 %	(53,826)
Other expenses	(163,297)	41.8 %	(115,175)	0.9 %	(114,164)
Defined benefit pension plan expense	(58,674)		(5,671)	(30.1)%	(8,110)
Acquisition and related integration costs	(37,988)		(9,708)		—
Depreciation and amortization of intangibles	(51,952)		(32,180)		(30,522)
Impairment of goodwill and intangibles	(24,613)		—		—
(Losses) gains, net on disposal of property, plant and equipment	(483)		2,872		(296)
Operating (loss) income	(82,872)		25,533		(205)
Interest expense	(15,099)		(8,494)		(10,437)
Miscellaneous, net	(1,421)		(7,693)		(11,350)
(Loss) income from continuing operations before income taxes	(99,392)		9,346		(21,992)
Benefit for income taxes	32,755		111		11,907
Net (loss) income from continuing operations	(66,637)		9,457		(10,085)
Net (loss) income from discontinued operations, net of tax	(15,840)		1,072		9,611
Net (loss) income	$(82,477)		$10,529		$(474)

2015 compared with 2014

The Company completed its acquisition of the Journal television and radio stations on April 1, 2015 and the acquisition of two Granite television stations on June 16, 2014, collectively referred to as the "acquired stations." Midroll was acquired on July 22, 2015. The inclusion of operating results from these businesses for the periods subsequent to the acquisitions impacts the comparability of our consolidated and division operating results.

Operating revenues increased 43% in 2015 compared to 2014. The acquired operations accounted for $217 million of the increase. For stations owned for the entire year, a $52 million decline in political advertising revenue was offset by a $49 million increase in retransmission revenue. In 2014, we completed negotiations with satellite and cable television systems covering approximately 5.6 million subscribers in certain of our markets and our 2015 results reflect the renewal of those agreements. We completed a new agreement, effective January 2016, with Time Warner Cable covering approximately 3 million households. This agreement will contribute to approximately a 60% increase

in retransmission revenues in 2016 compared to 2015.

Employee compensation and benefits increased 32% in 2015 compared to 2014 primarily driven by the impact of the acquired stations.

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Programs and program licenses expense more than doubled in 2015 primarily due to the acquisitions and higher network fees. The acquired stations accounted for $39 million of the increase while higher network license fees, offset by lower syndicated programming expense, accounted for the rest. We completed new agreements for 10 of our ABC stations at the beginning of 2015 and one of our CBS stations in July 2015.

Other expenses are comprised of the following:

	For the years ended December 31,			
(in thousands)	2015	Change		2014
Facilities rent and maintenance	$33,937	29.9	%	$26,117
Purchased news and content	8,888	76.2	%	5,044
Marketing and promotion	12,097	72.9	%	6,997
Miscellaneous costs	108,375	40.7	%	77,017
Total other expenses	$163,297	41.8	%	$115,175

Other expenses increased in 2015 compared to prior year, most of which was driven by the acquired stations.

Acquisition and related integration costs of $38 million in 2015 and $9.7 million in 2014 include costs associated with the Journal transactions and other acquisitions, such as legal and accounting fees, as well as costs to integrate the acquired operations.

Depreciation and amortization expense increased from $32 million in 2014 to $52 million in 2015 due to the acquired stations.

In 2015, we recorded a $25 million non-cash charge to reduce the carrying value of goodwill and certain intangible assets associated with Newsy and a smaller business.

Defined benefit plan expense increased year-over-year due to a $45.7 million non-cash settlement charge for the lump-sum pension benefit payments made to certain pension participants, a $1.1 million curtailment charge resulting from the spin-off of our newspaper business and the additional expense related to the pension obligations assumed in the Journal acquisition.

In 2014, a $3 million gain on the sale of excess land is included in gains on disposal of property, plant and equipment.

Interest expense increased year-over-year due to the increased debt related to the Journal acquisition.

Miscellaneous expense of $7.7 million in 2014 included a $5.9 million non-cash charge to reduce the carrying value of investments.

The effective income tax rate was 33.0% and 1.2% for 2015 and 2014, respectively. State and local taxes and non-deductible expenses impacted our effective rate. Portions of the acquisition and integration costs we incurred in connection with the Journal transactions are not deductible and the Newsy goodwill impairment is not deductible for income taxes. In addition, our effective income tax rates for 2015 and 2014 were impacted by tax settlements and changes in our reserve for uncertain tax positions. In 2015 and 2014, we recognized $2.5 million and $6.0 million, respectively, of previously unrecognized tax benefits upon settlement of tax audits or upon the lapse of the statutes of limitations in certain jurisdictions.

2014 compared with 2013

The Company completed its acquisition of two Granite television stations on June 16, 2014. The inclusion of operating results from these stations for the period subsequent to the acquisition impacts the comparability of our

consolidated and television division operating results.

Operating revenues increased 15% in 2014 compared to 2013. The increase was driven by $53 million more of political advertising and $13 million more of retransmission revenue, excluding the impact of Granite, while national and local advertising softened in the second half of the year. Digital revenues increased nearly $6 million primarily driven by Newsy, which was acquired in January 2014, as well as increased revenues from our local digital business due to an expanded sales force.

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Retransmission revenues excluding Granite increased approximately 30% in 2014, primarily due to annual rate increases in long-term contracts and the renewal in the middle of the year of a retransmission agreement with an MVPD providing service to about 15% of the subscribers to such services in our markets. We renewed retransmission agreements with MVPDs providing service to another 15% of subscribers to those services later in the year.

Employee compensation and benefits increased 14% in 2014. Employee compensation and benefits associated with supporting our digital operations increased more than $12 million over the prior year. The impact of the acquisition of two Granite television stations on employee compensation and benefits was $4.9 million. The television division incurred severance costs primarily as a result of centralizing our master control hub, which accounted for $1.6 million of the increase. Higher incentive compensation in 2014 accounted for $4.6 million of the increase over 2013.

Programs and program licenses expense increased 3.1% in 2014 primarily due to the Granite acquisition and higher network fees. The acquired Granite stations accounted for $2.9 million of the increase while higher network license fees, offset by lower syndicated programming expense, accounted for the rest.

Other expenses are comprised of the following:

	For the years ended December 31,		
(in thousands)	2014	Change	2013
Facilities rent and maintenance	$26,117	23.7 %	$21,113
Purchased news and content	5,044	(2.2)%	5,159
Marketing and promotion	6,997	(7.4)%	7,560
Miscellaneous costs	77,017	(4.1)%	80,332
Total other expenses	$115,175	0.9 %	$114,164

Defined benefit pension plan expense decreased to $5.7 million in 2014 from $8.1 million in 2013.

Acquisition and related integration costs of $9.7 million in 2014 include costs associated with the acquisition of two television stations from Granite Broadcasting, as well as costs for the Journal transactions.

Interest expense decreased in 2014 due to a decline in our borrowing rate when we refinanced our debt in the fourth quarter of 2013.

Miscellaneous expense in 2014 includes a $5.9 million non-cash charge to reduce the carrying value of investments. In 2013, miscellaneous expense includes a $3.0 million non-cash loss on the disposition of an investment, as well as a $4.6 million non-cash charge to write-off deferred loan fees as a result of the refinancing of our debt.

The effective income tax rate was 1.2% and 54.1% for 2014 and 2013, respectively. The impact of state and local taxes and non-deductible expenses (including a portion of the transaction costs for the Journal transactions) has made our effective rate volatile due to relatively small amounts of pretax income or loss in each of the reporting periods. In addition, our effective income tax rates for 2014 and 2013 were impacted by tax settlements and changes in our reserve for uncertain tax positions. In 2014 and 2013, we recognized $6.0 million and $3.1 million, respectively, of previously unrecognized tax benefits upon settlement of tax audits or upon the lapse of the statutes of limitations in certain jurisdictions.

Discontinued Operations

Discontinued operations reflect the historical results of our newspaper operations, which were spun-off on April 1, 2015. On April 1, Scripps and Journal separated their newspaper businesses and then combined them through two

mergers, resulting in each of them becoming a wholly owned subsidiary of Journal Media Group, Inc.

Upon completion of the spin-off of our newspaper business, generally accepted accounting principles (“GAAP”) required us to assess impairment of the newspaper business long-lived assets using the held-for-sale model. This model compares the fair value of the disposal unit to its carrying value and if the fair value is lower, then an impairment loss is recorded. Our analysis indicated that, as of April 1, 2015, there was a non-cash impairment loss on the disposal of the newspaper business of $30 million, which was recorded on the date of the spin-off, April 1, 2015, and is included as a component of discontinued operations.

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Business Segment Results — As discussed in the Notes to Consolidated Financial Statements, our chief operating decision maker evaluates the operating performance of our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan expense, income taxes, depreciation and amortization, impairment charges, 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.

Items excluded from segment profit generally result from decisions made in prior periods or from decisions made by corporate executives rather than the managers of the business segments. Depreciation and amortization charges are the result of decisions made in prior periods regarding the allocation of resources and are therefore excluded from the measure. Generally, our corporate executives make financing, tax structure and divestiture decisions. Excluding these items from measurement of our business segment performance enables us to evaluate business segment operating performance based upon current economic conditions and decisions made by the managers of those business segments in the current period.

We allocate a portion of certain corporate costs and expenses, including information technology, certain employee benefits and 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, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Effective April 1, 2015, we began reporting our digital operations as a segment. We have recast the operating results for television, syndication and other and shared services and corporate in prior periods to reflect this change.

Information regarding the operating performance of our business segments and a reconciliation of such information to the consolidated financial statements is as follows:

	For the years ended December 31,				
(in thousands)	2015	Change	2014	Change	2013
Segment operating revenues:					
Television	$609,551	30.5 %	$466,965	15.0 %	$405,941
Radio	58,881		—		—
Digital	38,928	70.1 %	22,881	33.6 %	17,131
Syndication and other	8,296	(6.8)%	8,906	(4.1)%	9,285
Total operating revenues	$715,656		$498,752		$432,357
Segment profit (loss):					
Television	$139,797	2.6 %	$136,319	38.3 %	$98,562
Radio	12,837		—		—
Digital	(17,103)	(25.1)%	(22,828)	22.0 %	(18,716)
Syndication and other	(1,074)		(1,499)		11
Shared services and corporate	(43,619)	4.4 %	(41,772)	1.6 %	(41,134)
Defined benefit pension plan expense	(58,674)		(5,671)		(8,110)
Acquisition and related integration costs	(37,988)		(9,708)		—
Depreciation and amortization of intangibles	(51,952)		(32,180)		(30,522)
Impairment of goodwill and intangibles	(24,613)		—		—
(Losses) gains, net on disposal of property, plant and equipment	(483)		2,872		(296)
Interest expense	(15,099)		(8,494)		(10,437)
Miscellaneous, net	(1,421)		(7,693)		(11,350)

(Loss) income from continuing operations before income taxes	$(99,392)	$9,346	$(21,992)

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Television — Our television segment includes 15 ABC affiliates, five NBC affiliates, two FOX affiliates, two CBS affiliates and four non big-four affiliated stations. We also own five Azteca America Spanish-language affiliates. Our television stations reach approximately 18% of the nation's television households. Our television stations earn revenue primarily from the sale of advertising time to local, national and political advertisers and retransmission fees received from cable operators and satellite carriers.

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 and nationally internally 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 local and national economic conditions, 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 our television segment were as follows:

	For the years ended December 31,				
(in thousands)	2015	Change	2014	Change	2013
Segment operating revenues:					
Local	$315,054	33.1 %	$236,772	1.9 %	$232,358
National	137,935	26.0 %	109,448	(7.5)%	118,375
Political	9,151		57,981		4,272
Retransmission	136,571	143.1 %	56,185	32.2 %	42,505
Other	10,840	64.8 %	6,579	(22.0)%	8,431
Total operating revenues	609,551	30.5 %	466,965	15.0 %	405,941
Segment costs and expenses:					
Employee compensation and benefits	242,303	28.0 %	189,261	9.3 %	173,114
Programs and program licenses	110,722	99.5 %	55,487	3.1 %	53,826
Other expenses	116,729	35.9 %	85,898	6.8 %	80,439
Total costs and expenses	469,754	42.1 %	330,646	7.6 %	307,379
Segment profit	$139,797	2.6 %	$136,319	38.3 %	$98,562

2015 compared with 2014

The Company completed its acquisition of the Journal television stations on April 1, 2015 and the acquisition of two Granite television stations on June 16, 2014, collectively referred to as the "acquired stations." The inclusion of operating results from these businesses for the periods subsequent to the acquisitions impacts the comparability of our television division operating results.

Revenues

Total television revenues increased 31% in 2015. The acquired stations accounted for just over $147 million of the year-over-year increase. For stations owned for the entire year, a $52 million decline in political advertising revenue was offset by a $49 million increase in retransmission revenue. In 2014, we completed negotiations with satellite and cable television systems covering approximately 5.6 million subscribers in certain of our markets and our 2015 results reflect the renewal of those agreements.

Costs and expenses

Employee compensation and benefits increased 28% in 2015 primarily due to the acquired stations.

Programs and program licenses expense nearly doubled during the year compared to 2014, primarily due to the acquisitions and higher network affiliate fees. The acquired stations accounted for $28 million of the increase for the year while

higher network license fees, offset by lower syndicated programming expense, accounted for the rest. We completed new agreements for 10 of our ABC stations at the beginning of 2015 and one of our CBS stations in July 2015.

Other expenses increased 36% in 2015 primarily due to the impact of the acquired stations.

2014 compared with 2013

The Company completed its acquisition of two Granite television stations on June 16, 2014. The inclusion of operating results from these stations for the period subsequent to the acquisition impacts the comparability of our television division operating results.

Revenues

Total television revenues increased 15%, or $61 million, in 2014 compared to 2013. The increase was driven by $53 million more of political advertising and $13 million more of retransmission revenue excluding the impact of Granite, while national and local advertising softened in the second half of the 2014.

Retransmission revenues excluding Granite increased approximately 30% in 2014, primarily due to annual rate increases in long-term contracts and the renewal in the middle of the year of a retransmission agreement with an MVPD providing service to about 15% of the subscribers to such services in our markets.

Other revenues decreased $1.9 million compared to the prior year, due to a $1.2 million decrease in revenues we received for news production and television services provided by our West Palm Beach television station to another station in the market.

Costs and expenses

Employee compensation and benefits increased $16 million, or 9.3%. The acquired Granite stations accounted for nearly $5 million of the increase, while the addition of approximately 80 positions to staff The List and The Now, two of our internally developed and produced programs, accounted for most of the rest. Also in 2014, we incurred higher incentive compensation of $1.7 million and increased severance costs of $1.6 million, primarily related to centralizing our master control hub.

Programs and program licenses expense increased 3.1% in 2014 primarily due to the Granite acquisition and higher network fees. The acquired Granite stations accounted for $2.9 million of the increase while higher network license fees, offset by lower syndicated programming expense, accounted for the rest.

Other expenses increased 6.8% compared to 2013 primarily due to the acquired Granite stations.

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Radio — Our radio segment consists of 34 radio stations in eight markets. We operate 28 FM stations and six AM stations.

Radio stations earn revenue primarily from the sale of advertising to local advertisers.

Our radio stations focus on providing targeted and relevant local programming that is responsive to the interest of the communities in which we serve, strengthening our brand identity and allowing us to provide effective marketing solutions for advertisers by reaching their targeted audiences.

Operating results for our radio segment were as follows:

	For the years ended December 31,				
(in thousands)	2015	Change	2014	Change	2013
Segment operating revenues:					
Advertising	$56,288		$—		$—
Other	2,593		—		—
Total operating revenues	58,881		—		—
Segment costs and expenses:					
Employee compensation and benefits	22,218		—		—
Programs	10,757		—		—
Other expenses	13,069		—		—
Total costs and expenses	46,044		—		—
Segment profit	$12,837		$—		$—

Revenues for the radio division softened at the end of the year and are down compared to the comparable period in 2014 when owned by Journal. Expenses also declined compared to the comparable period when owned by Journal, but by a lower amount.

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Digital — Our digital segment includes the digital operations of our local television and radio businesses. It also includes the operations of national digital businesses such as Newsy, an over-the-top video news service, and Midroll, a podcast industry leader.

Our digital operations earn revenue primarily through the sale of advertising and marketing services.
Operating results for our digital segment were as follows:

	For the years ended December 31,				
(in thousands)	2015	Change	2014	Change	2013
Total operating revenues	$38,928	70.1 %	$22,881	33.6 %	$17,131
Segment costs and expenses:					
Employee compensation and benefits	38,077	5.6 %	36,067	53.3 %	23,524
Other expenses	17,954	86.2 %	9,642	(21.8)%	12,323
Total costs and expenses	56,031	22.6 %	45,709	27.5 %	35,847
Segment profit	$(17,103)	(25.1)%	$(22,828)	22.0 %	$(18,716)

2015 compared with 2014

Revenues

Digital revenues increased 70% in 2015 compared to 2014. The increase for the year includes $5.9 million and $4.6 million, respectively, from the acquired Journal stations and the Midroll acquisition. The remainder of the increase was driven by our focus on increasing digital advertising revenues with an expanded sales force in our television markets and increased revenue from programmatic advertising.

Costs and Expenses

Digital costs and expenses increased 23% in 2015 compared to 2014 primarily due to the impact of the acquired Journal stations and our acquisition of Midroll.

2014 compared with 2013

Revenues

Digital revenues increased 34% in 2014. The increase for the year includes $3.2 million from the January 2014 acquisition of Newsy, while the remainder of the increase was driven by our focus on increasing digital advertising revenues with an expanded sales force.

Costs and Expenses

Digital costs and expenses increased 28% in 2014 compared to 2013. Employee compensation increased by 53% due to $2.3 million of additional costs from Newsy and the remainder was from the expansion of the sales force. Other expenses decreased 22% due to the elimination of costs incurred in 2013 when we were implementing new systems and processes to make our digital operations more efficient. These costs savings were partially offset by expenses from Newsy.

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Shared services and corporate

We centrally provide certain services to our business segments. Such services include accounting, tax, cash management, procurement, human resources, employee benefits and information technology. The business segments are allocated costs for such services at amounts agreed upon by management. Such allocated costs may differ from amounts that might be negotiated at arms-length. Costs for such services that are not allocated to the business segments are included in shared services and corporate costs. Shared services and corporate also includes unallocated corporate costs, such as costs associated with being a public company.

2015 to 2014

Shared services and corporate expenses were $44 million in 2015 and $42 million in 2014 increasing by $1.8 million primarily due to higher incentive compensation.

2014 to 2013

Shared services and corporate expenses were $42 million in 2014 and $41 million in 2013.

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Liquidity and Capital Resources

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

Operating activities

Cash provided by operating activities for the years ended December 31 is as follows:

(in thousands)	For the years ended December 31, 2015	2014	2013
Cash Flows from Operating Activities:			
Net (loss) income	$(82,477)	$10,529	$(474)
(Loss) income from discontinued operations	(15,840)	1,072	9,611
(Loss) income from continuing operations	(66,637)	9,457	(10,085)
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	51,952	32,180	30,522
Impairment of goodwill and intangibles	24,613	—	—
Losses (gains) on sale of property, plant and equipment	483	(2,872)	296
Loss on sale of investments	—	63	3,000
Deferred income taxes	(26,831)	5,384	(4,344)
Excess tax benefits of share-based compensation plans	—	(8,352)	—
Stock and deferred compensation plans	10,125	6,992	5,780
Pension expense, net of payments	58,358	4,433	7,877
Other changes in certain working capital accounts, net	(43,790)	29,243	(31,210)
Miscellaneous, net	555	1,767	4,925
Net cash provided by continuing operating activities	8,828	78,295	6,761
Net cash provided by discontinued operating activities	42	23,760	26,744
Net operating activities	$8,870	$102,055	$33,505

2015 to 2014

The $69 million decrease in cash provided by continuing operating activities was primarily attributable to changes in working capital in 2015 compared to 2014, partially offset by a $21 million increase in segment profit. In addition, we incurred transaction costs of $38 million in 2015 and $9.7 million in 2014 in connection with the Journal transactions. Also, the 2015 tax benefit of $33 million will not provide cash until future years when the net operating loss carryforward will reduce taxes payable.

The other primary factors affecting changes in operating activities are described below.

- Collections of accounts receivable decreased $20 million in 2015 compared to 2014. Collections in an odd year are generally lower due to the impact of political advertising in the preceding period, which is paid in advance, increasing overall collections of accounts receivable in that year.
- In 2015, we made estimated income tax payments of $15 million. We did not make any significant tax payments in 2014.
- The timing of payments for accounts payable and accrued expenses decreased working capital by $26 million in 2015.

2014 to 2013

The $72 million increase in cash provided by operating activities from continuing operations was primarily attributable to changes in working capital in 2014 compared to 2013 and higher segment profit in 2014. The primary factors affecting changes in working capital are described below.

- Collections of accounts receivable increased $13 million in 2014 compared to 2013 primarily due to the impact of 2014 fourth quarter political advertising, which is paid in advance.

- The accrual of incentive compensation, net of the payment of amounts earned in the prior year, increased working capital by $4.7 million in 2014 and decreased working capital by $9.8 million in 2013.
- The timing of payments for accounts payable increased working capital by $13 million in 2014.
- In 2014, $8.4 million of excess tax benefits was reflected as a use of cash.

Investing activities

Cash used in investing activities for the years ended December 31 is as follows:

(in thousands)	For the years ended December 31, 2015	2014	2013
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	$(46,838)	$(149,284)	$—
Proceeds from sale of property, plant and equipment	1,722	5,856	38
Proceeds from sale of property held for sale	14,500	—	—
Additions to property, plant and equipment	(23,105)	(16,300)	(15,857)
Change in restricted cash	250	1,400	1,800
Purchase of investments	(7,658)	(2,652)	(1,575)
Miscellaneous, net	1,578	2,007	69
Net cash used in continuing investing activities	(59,551)	(158,973)	(15,525)
Net cash used in discontinued investing activities	(1,561)	(1,564)	(4,358)
Net investing activities	$(61,112)	$(160,537)	$(19,883)

In 2015, 2014 and 2013 we used $60 million, $159 million and $16 million, respectively, in cash for investing activities for continuing operations. The primary factors affecting our investing activities for the years presented are described below.

- In 2015, we acquired a podcast industry leader, Midroll Media, for $50 million in cash.
- In 2015, we invested $5 million to fund the launch and operations of a media company specializing in digital multicasting.
- In 2015, we received $14.5 million in proceeds from the sale of KNIN, the Fox affiliate located in Boise, ID., which had been placed in a divestiture trust as part of the Journal transactions.
- In 2014, we completed our acquisition of Media Convergence Group, Inc., which operates as Newsy, an over-the-top video news provider, for $35 million in cash.
- In 2014, we completed our acquisition of two television stations owned by Granite Broadcasting Corporation for $110 million in cash.
- In 2014, we completed our acquisition of Geoterrestrial, Inc. ("WeatherSphere") for $4 million in cash.
- In 2014, we received $5.8 million in proceeds from the sale of excess land.

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Financing activities

Cash used in or provided by financing activities for the years ended December 31 is as follows:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	$200,000	$—	$200,000
Payments on long-term debt	(122,406)	(2,000)	(196,100)
Payments of financing costs	(2,592)	(483)	(2,470)
Dividends paid	(59,523)	—	—
Repurchase of Class A Common shares	(16,222)	(21,237)	(74,199)
Proceeds from employee stock options	7,249	16,579	46,624
Tax payments related to shares withheld for vested stock and RSUs	(5,237)	(4,261)	(6,270)
Excess tax benefits from stock compensation plans	—	8,352	—
Miscellaneous, net	575	(1,264)	(2,484)
Net cash provided by (used in) continuing financing activities	1,844	(4,314)	(34,899)
Net cash used in discontinued financing activities	—	—	(110)
Net financing activities	$1,844	$(4,314)	$(35,009)

In 2015, financing activities provided $2 million in net cash, while in 2014 and 2013, we used $4 million and $35 million, respectively, in net cash for financing activities. The primary factors affecting our financing activities are described below.

On April 1, 2015, we entered into a $500 million second amended revolving credit and term loan agreement ("Second Amended Financing Agreement") to refinance our existing revolving credit and term loan agreement ("Amended Financing Agreement"). The $400 million term loan B matures in November 2020 and a $100 million revolving credit facility matures in November 2018. There were no borrowings under the revolving credit agreements in any of the years.

The Second Amended Financing Agreement includes the maintenance of a net leverage ratio if we borrow more than 20% on the revolving credit facility. The term loan B requires that if we borrow additional amounts or make a permitted acquisition that we cannot exceed a stated net leverage ratio on a pro forma basis at the date of the transaction. We were in compliance with all financial covenants in the Second Amended Financing Agreement at December 31, 2015 and 2014.

The Second Amended Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. As of December 31, 2015, we were not required to make additional principal payments based on excess cash flow. Under an amendment completed in 2015, any proceeds up to a stipulated amount that we may potentially receive from the upcoming spectrum auction will not be required to pay down the term loan.

The proceeds from the incremental $200 million loan were used to pay off the $116 million Journal term loan assumed in connection with the Journal acquisition, fund the $60 million special dividend paid to the Scripps shareholders in connection with the Journal transactions and for the payment of transaction expenses.

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. 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. Under the authorization, we repurchased $16 million of shares at prices ranging from $15.92 to $24.96 per share during 2015. As of December 31, 2015, we have $84 million remaining for share repurchases under this authorization. Through January

31, 2016, we purchased an additional 0.2 million shares for $3.4 million. Under a previous authorization, we purchased $21 million of shares in 2014 and $74 million of shares in 2013.

In 2015, 2014 and 2013, we received $7 million, $17 million and $47 million, respectively, of proceeds from the exercise of employee stock options.

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Other

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 between $6 million and $11 million in 2016 to our defined benefit pension plans, including our SERP.
We expect that our cash and short-term investments and cash flows from operating activities will be sufficient to meet our operating and capital needs over the next 12 months.

Off-Balance Sheet Arrangements and Contractual Obligations
Off-Balance Sheet Arrangements
Off-balance sheet arrangements include the following four categories: obligations under certain guarantees or contracts; retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations under material variable interests.
We may 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 December 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 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. Through November 2013, this hedge qualified as, and was designated as, a cash flow hedge. Upon refinancing our debt in November 2013, this hedge no longer qualified as a cash flow hedge.
As of December 31, 2015 and 2014, we had outstanding letters of credit totaling $0.8 million and $0.2 million, respectively.

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Contractual Obligations

A summary of our contractual cash commitments as of December 31, 2015 is as follows:

(in thousands)	Less than 1 Year	Years 2 & 3	Years 4 & 5	Over 5 Years	Total
Long-term debt:					
Principal amounts	$6,656	$13,312	$382,500	$—	$402,468
Interest on debt	14,268	27,535	26,565	—	68,368
Programming:					
Program licenses and network affiliation agreements	164,377	333,119	116,824	59	614,379
Employee compensation and benefits:					
Deferred compensation and other post-employment benefits	3,562	7,156	4,223	2,395	17,336
Employment and talent contracts	39,498	36,505	1,596	—	77,599
Operating leases:					
Noncancelable	7,032	11,266	7,314	5,112	30,724
Cancelable	1,188	2,320	1,695	1,577	6,780
Pension obligations:					
Minimum pension funding	6,308	53,780	71,006	92,166	223,260
Other commitments:					
Noncancelable purchase and service commitments	10,511	6,710	3,326	—	20,547
Other purchase and service commitments	34,882	19,177	9,454	3,086	66,599
Total contractual cash obligations	$288,282	$510,880	$624,503	$104,395	$1,528,060

Long-term debt — Long-term debt includes our $395 million Term loan B and $8 million of unsecured subordinated notes payable assumed in the Journal transactions. Our term loan B bears interest at rates based on LIBOR, with a 0.75% LIBOR floor, plus a fixed margin of 2.75%. The rate on our term loan B was 3.50% at December 31, 2015. Amounts included in the table may differ from amounts actually paid due to changes in LIBOR. A 1% increase in LIBOR would result in an increase in annual interest payments of approximately $4 million.

Our Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. Principal payments included in the contractual obligations table reflect only scheduled principal payments and do not reflect any amounts that may be required to be paid under this provision. As of December 31, 2015, we were not required to make any additional principal payments from excess cash flow.

Our unsecured subordinated promissory notes bear interest at a rate of 7.25% per annum payable quarterly.

Other Contractual Obligations — In the ordinary course of business, we enter into long-term contracts to license or produce programming, to secure on-air talent, to lease office space and equipment and to purchase other goods and services.

Programming — Program licenses generally require payments over the terms of the licenses. Licensed programming includes both programs that have been delivered and are available for telecast and programs that have not yet been produced. It also includes payments for our network affiliation agreements. If the programs are not produced, our commitments would generally expire without obligation. Fixed fee amounts payable under our network affiliation agreements are also included. Variable amounts in excess of the contractual amounts payable to the networks are not

included in the amounts above.
Talent Contracts — We secure on-air talent for our television stations through multi-year talent agreements. Certain agreements may be terminated under certain circumstances or at certain dates prior to expiration. We expect our employment and talent contracts will be renewed or replaced with similar agreements upon their expiration. Amounts due under the contracts, assuming the contracts are not terminated prior to their expiration, are included in the contractual obligations table.

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Operating Leases — We obtain certain office space under multi-year lease agreements. Leases for office space are generally not cancelable prior to their expiration.

Leases for operating and office equipment are generally cancelable by either party with 30 to 90 days notice. However, we expect such contracts will remain in force throughout the terms of the leases. The amounts included in the table above represent the amounts due under the agreements assuming the agreements are not canceled prior to their expiration.

We expect our operating leases will be renewed or replaced with similar agreements upon their expiration.

Pension Funding — We sponsor two noncontributory defined benefit pension plans covering certain full-time Scripps employees that began employment prior to June 30, 2008, as well as certain former Journal Communications, Inc. ("Journal") employees following the acquisition of Journal's broadcast group. We also have two non-qualified Supplemental Executive Retirement Plans ("SERPs") covering Scripps employees and certain former Journal employees.

Contractual commitments summarized in the contractual obligations table include payments to meet minimum funding requirements of our defined benefit pension plans and estimated benefit payments for our unfunded SERPs. Contractual pension obligations reflect anticipated minimum statutory pension contributions as of December 31, 2015, based upon pension funding regulations in effect at the time and our current pension assumptions regarding discount rates and returns on plan assets. Actual funding requirements may differ from amounts presented due to changes in discount rates, returns on plan assets or pension funding regulations that are in effect at the time.

Payments for the SERPs have been estimated over a ten-year period. Accordingly, the amounts in the “over 5 years” column include estimated payments for the periods of 2021-2025. While benefit payments under these plans are expected to continue beyond 2025, we do not believe it is practicable to estimate payments beyond this period.

Income Tax Obligations — The contractual obligations table does not include any reserves for income taxes recognized because we are unable to reasonably predict the ultimate amount or timing of settlement of our reserves for income taxes. As of December 31, 2015, our reserves for income taxes totaled $3.5 million, which is reflected as a long-term liability in our Consolidated Balance Sheet.

Purchase Commitments — We obtain audience ratings, market research and certain other services under multi-year agreements. These agreements are generally not cancelable prior to expiration of the service agreement. We expect such agreements will be renewed or replaced with similar agreements upon their expiration.

We may also enter into contracts with certain vendors and suppliers. These contracts typically do not require the purchase of fixed or minimum quantities and generally may be terminated at any time without penalty. Included in the table of contractual obligations are purchase orders placed as of December 31, 2015. Purchase orders placed with vendors, including those with whom we maintain contractual relationships, are generally cancelable prior to shipment. While these vendor agreements do not require us to purchase a minimum quantity of goods or services, and we may generally cancel orders prior to shipment, we expect expenditures for goods and services in future periods will approximate those in prior years.

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 that 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 our Consolidated Financial Statements describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. We believe the following to be the most critical accounting policies, estimates and assumptions affecting our reported amounts and related disclosures.

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Acquisitions — The accounting for a business combination requires tangible and intangible assets acquired and liabilities assumed to be recorded at estimated fair value. With the assistance of third party appraisals, we generally determine fair values using comparisons to market transactions and a discounted cash flow analysis. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the asset and the expected period of time over which those cash flows will occur and to determine an appropriate discount rate. Changes in such estimates could affect the amounts allocated to individual identifiable assets. While we believe our assumptions are reasonable, if different assumptions were made, the amount allocated to intangible assets could differ substantially from the reported amounts.

Goodwill and Other Indefinite-Lived Intangible Assets — Goodwill for each reporting unit must be tested for impairment on an annual basis or when events occur or circumstances change that would indicate the fair value of a reporting unit is below its carrying value. At December 31, 2015, we had $586 million of goodwill. For purposes of performing the impairment test for goodwill, our reporting units are our television group, radio group, core digital (comprised of our local digital brands), Midroll and Newsy. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill for the reporting unit is less than its carrying value.

The following is goodwill by reporting unit as of December 31, 2015:

(in thousands)	
Television	$466,000
Radio	41,000
Core Digital	22,000
Newsy	8,000
Midroll	46,000
Other	3,000
Total goodwill	$586,000

For our annual impairment testing, we have utilized the Step 1, quantitative approach for performing our annual goodwill test. Under that approach, we determine the fair value of our reporting unit generally using market data, appraised values and discounted cash flow analyses. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the asset or business and the period of time over which those cash flows will occur and to determine an appropriate discount rate. While we believe the estimates and judgments used in determining the fair values were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates could produce a different estimate of fair value. The estimate of fair value assumes certain growth of our businesses, which if not achieved could impact the fair value and possibly result in an impairment of the goodwill. Our annual impairment testing for goodwill indicated that the fair value of all of our television and core digital reporting units exceeded their carrying value by over 50% and our Midroll reporting unit exceed its carrying value by over 10%. The fair value of our other reporting units was less than 10% in excess of their carrying value due to their recent acquisition date and therefore are more susceptible to an adverse change in business or macroeconomic conditions impacting the assumptions underlying the estimated fair value, which could possibly lead to a goodwill impairment charge in the future.

We also assess our goodwill for indications of impairment. In the third quarter of 2015, changes in the market for the distribution of video programming services, including the development of over-the-top distribution platforms such as Apple TV, Comcast's Watchable, PlutoTV, Xumo, Roku and Sling, resulted in the need for additional investment in our video news service, Newsy. The additional investment, combined with the slower development of our original revenue model, created indications of impairment of goodwill as of September 30, 2015.

Under the two-step process required by GAAP, we estimated the fair value of Newsy. We concluded that the fair value of Newsy did not exceed its carrying value as of September 30, 2015. We recorded a $21 million non-cash

charge in 2015 to reduce the carrying value of goodwill to $8 million. Changes in the future for the outlook of Newsy reducing expected future cash flows, including additional investments, could result in additional impairment charges in the future.

We have determined that our FCC licenses are indefinite lived assets and not subject to amortization. At December 31, 2015, the carrying value of our FCC licenses was $204 million. They are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. We compare the estimated fair value of each individual FCC license to its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair value is estimated using an income approach referred to as the "Greenfield Approach," which requires multiple assumptions relating to the future prospects of each individual FCC license. The fair value

of the FCC license is sensitive to each of the assumptions used in the Greenfield Approach and a change in any individual assumption could result in the fair value being less than the carrying value of the asset and an impairment charge being recorded. For example, a 0.5% increase in the discount rate would reduce the aggregate fair value of the FCC licenses by almost $9 million. Our annual impairment testing for our FCC licenses indicated that their fair value exceeded their recorded value. The recorded value of our FCC licenses from the recently acquired television stations are derived from more recent business operating plans and macroeconomic environmental conditions and therefore are more susceptible to an adverse change that could require an impairment charge if future assumptions were to change.

Income Taxes — The accounting for uncertain tax positions and the application of income tax law is inherently complex. As such, we are required to make many assumptions and judgments regarding our income tax positions and the likelihood of whether such tax positions would be sustained if challenged. Interpretations and guidance surrounding income tax laws and regulations change over time. As such, changes in our assumptions and judgments can materially affect amounts recognized in the consolidated financial statements.

Our deferred tax asset balance included in our Consolidated Balance Sheet was $14 million at December 31, 2015. We are required to assess the likelihood that our deferred tax assets, which include our net operating loss carryforwards and temporary differences that are expected to be deductible in future years, will be recoverable from the carryback to prior years, carryforward to future years or through other prudent and feasible tax planning strategies. If recovery is not likely, we have to provide a valuation allowance based on our estimates of future taxable income in the various taxing jurisdictions, and the amount of deferred taxes that are ultimately realizable. The provision for current and deferred taxes involves evaluations and judgments of uncertainties in the interpretation of complex tax regulations by various taxing authorities. Actual results could differ from our estimates and if we determine the deferred tax asset we would realize would be greater or less than the net amount recorded, an adjustment would be made to the tax provision in that period.

Pension Plans — We sponsor two noncontributory defined benefit pension plans covering certain full-time Scripps employees that began employment prior to June 30, 2008, as well as certain former Journal Communications, Inc. ("Journal") employees following the acquisition of Journal's broadcast group. We also have two non-qualified Supplemental Executive Retirement Plans ("SERPs") covering Scripps employees and certain former Journal employees. Both of the defined benefit plans and the SERPs have frozen the accrual of future benefits. Defined benefit pension plan expense for the plans was $58.7 million in 2015, $5.7 million in 2014 and $8.1 million in 2013.

Our 2015 expense includes a non-cash pension settlement charge of $45.7 million related to the completion of an offer to eligible former employees with vested, deferred pension plan benefits to receive their benefits either as a lump-sum distribution or an immediate annuity payment. All distributions were made from existing pension plan assets; company funds were not used to make the lump-sum distributions. The funded status of the plan remained materially unchanged as a result of this offer.

The measurement of our pension obligation and related expense is dependent on a variety of estimates, including: discount rates; expected long-term rate of return on plan assets; and employee turnover, mortality and retirement ages. We review these assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. In accordance with accounting principles, we record the effects of these modifications currently or amortize them over future periods. We consider the most critical of our pension estimates to be our discount rate and the expected long-term rate of return on plan assets.

The assumptions used in accounting for our defined benefit pension plans for 2015 and 2014 are as follows:

	2015		2014	
Discount rate for expense	4.01%-4.53%		5.08	%
Discount rate for obligations	4.55	%	4.23	%
Long-term rate of return on plan assets	4.10%-6.10%		5.25	%

The discount rate used to determine our future pension obligations is based upon a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans. The rate is determined each year at the plan measurement date and affects the succeeding year’s pension cost. Discount

rates can change from year to year based on economic conditions that impact corporate bond yields. A decrease in the discount rate increases pension obligations and has no material impact on pension expense.

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For our defined benefit pension plans, as of December 31, 2015, a half percent increase or decrease in the discount rate would have the following effect:

(in thousands)	0.5% Increase	0.5% Decrease
Effect on 2016 total pension expense	$(81)	$(175)
Effect on pension benefit obligation as of December 31, 2015	(38,306)	41,307

In 2015, we began the transition to a new asset allocation strategy in which approximately 45% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 55% of plan assets are to be invested in equity securities and other return-seeking assets. The new allocation will be completed by the end of 2016. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed. A decrease in the expected rate of return on plan assets increases pension expense. A 0.5% change in the 2016 expected long-term rate of return on plan assets would increase or decrease our 2016 pension expense by approximately $2 million.

We had cumulative unrecognized actuarial losses for our pension plans of $144 million at December 31, 2015. Unrealized actuarial gains and losses result from deferred recognition of differences between our actuarial assumptions and actual results. In 2015, we had an actuarial gain of $1 million. Based on our current assumptions, we anticipate that 2016 pension expense will include $4.2 million in amortization of unrecognized actuarial losses.

Recently Adopted Standards and Issued Accounting Standards

Recently Issued Accounting Standards — In August 2014, the Financial Accounting Standards Board (FASB) issued new guidance related to the disclosures around going concern. The new standard provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued new guidance on revenue recognition. Under this new standard, an entity shall recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step process that requires entities to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. This standard permits the use of either the retrospective or cumulative effect transition method and will be effective for us beginning in 2018. Early adoption is permitted in 2017. We are currently assessing the impact this new guidance will have on our consolidated financial statements and have not yet determined a transition method.

Recently Adopted Accounting Standards — In November 2015, the FASB issued new guidance to classify deferred tax assets (DTAs) and deferred tax liabilities as noncurrent in the balance sheet. We have elected to early adopt this guidance effective December 31, 2015. We adopted this guidance retrospectively which results in us classifying the December 31, 2014 current DTA balance of $10.8 million with the noncurrent DTA for a total December 31, 2014 noncurrent DTA balance of $65.4 million.

In April 2015, the FASB issued new guidance for the presentation of debt issuance costs in the financial statements. Under this new guidance, debt issuance costs (except for lines of credit) are classified in the balance sheet as a deduction from the related debt liability rather than as an asset. Additionally, amortization of these costs must be classified as interest expense. We have elected to early adopt this guidance effective December 31, 2015. Retrospective adoption of this guidance resulted in us classifying $3.3 million and $1.6 million of deferred loan costs

as of December 31, 2015 and 2014, respectively, as a reduction of long-term debt. Reported interest expense was not affected.

In April 2014, the FASB issued new guidance on reporting and disclosure requirements related to discontinued operations. With the new guidance, a disposal of a component or group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on an entity's operations and financial results. We adopted this guidance effective January 1, 2015.

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Quantitative and Qualitative Disclosures about Market Risk

Earnings and cash flow can be affected by, among other things, economic conditions and interest rate changes. 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.

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

(in thousands)	As of December 31, 2015		As of December 31, 2014	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Variable rate credit facility	$—	$—	$—	$—
Term loan	394,500	388,583	198,000	194,000
Unsecured subordinated promissory notes	7,968	7,993	—	—
Long-term debt, including current portion	$402,468	$396,576	$198,000	$194,000
Interest rate swap	$299	$299	$471	$471
Financial instruments subject to market value risk:				
Investments held at cost	$10,652	(a)	$5,433	(a)

(a) Includes securities that do not trade in public markets, thus 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 the sale of these securities.

We may 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 December 2016. Under the terms of the swap, we pay a fixed interest rate of 1.08% and receive interest at a variable rate equal to 30 day LIBOR. We did not provide or receive any collateral for this contract. The fair value of this financial derivative 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.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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 fourth quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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Management’s Report on Internal Control Over Financial Reporting

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.

As required by Section 404 of the Sarbanes Oxley Act of 2002, management assessed the effectiveness of The E. W. Scripps Company and subsidiaries (the “Company”) internal control over financial reporting as of December 31, 2015. Management’s assessment is based on the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2015.

The Company’s independent registered public accounting firm has issued an attestation report on our internal control over financial reporting as of December 31, 2015. This report appears on page F-26.

Date: February 26, 2016

BY:

/s/ Richard A. Boehne
Richard A. Boehne
President and Chief Executive Officer

/s/ Timothy M. Wesolowski
Timothy M. Wesolowski
Senior Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders,
The E. W. Scripps Company

We have audited the accompanying consolidated balance sheets of The E. W. Scripps Company and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), cash flows and equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The E.W. Scripps Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 26, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders,
The E. W. Scripps Company

We have audited the internal control over financial reporting of The E. W. Scripps Company and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A 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 generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and 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.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Company and our report dated February 26, 2016 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 26, 2016

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The E. W. Scripps Company
Consolidated Balance Sheets

(in thousands, except share data)	As of December 31, 2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$108,061	$158,459
Restricted cash	6,560	6,810
Accounts and notes receivable (less allowances — $1,610 and $1,390)	171,901	99,609
Income taxes receivable	4,626	—
Miscellaneous	11,482	6,521
Assets of discontinued operations — current	—	44,425
Total current assets	302,630	315,824
Investments	13,856	9,454
Property, plant and equipment	271,047	157,841
Goodwill	585,787	106,261
Other intangible assets	479,187	187,259
Deferred income taxes	13,640	65,366
Miscellaneous	14,713	14,116
Assets of discontinued operations — noncurrent	—	174,983
Total Assets	$1,680,860	$1,031,104
Liabilities and Equity		
Current liabilities:		
Accounts payable	$31,606	$13,987
Customer deposits and unearned revenue	8,508	8,812
Current portion of long-term debt	6,656	2,000
Accrued liabilities:		
Employee compensation and benefits	33,669	20,901
Miscellaneous	25,392	31,890
Other current liabilities	13,992	9,306
Liabilities of discontinued operations — current	—	47,642
Total current liabilities	119,823	134,538
Long-term debt (less current portion)	392,487	194,373
Other liabilities (less current portion)	267,567	169,171
Liabilities of discontinued operations — noncurrent	—	13,089
Commitments and contingencies (Note 17)		
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: 2015 - 71,886,969; shares; 2014 - 45,062,522 shares	719	451
Voting — authorized: 60,000,000 shares; issued and outstanding: 2015 - 11,932,722 shares; 2014 - 11,932,722 shares	119	119
Total	838	570
Additional paid-in capital	1,163,985	525,456
Retained earnings (accumulated deficit)	(174,038)	118,693
Accumulated other comprehensive loss, net of income taxes	(89,802)	(126,443)

Total The E. W. Scripps Company shareholders' equity	900,983	518,276
Noncontrolling interest - discontinued operations	—	1,657
Total equity	900,983	519,933
Total Liabilities and Equity	$1,680,860	$1,031,104

See notes to consolidated financial statements.

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The E. W. Scripps Company
Consolidated Statements of Operations

(in thousands, except per share data)	For the years ended December 31, 2015	2014	2013
Operating Revenues:			
Advertising	$548,205	$421,546	$370,733
Retransmission	136,571	56,185	42,505
Other	30,880	21,021	19,119
Total operating revenues	715,656	498,752	432,357
Costs and Expenses:			
Employee compensation and benefits	340,042	257,870	225,644
Programs and program licenses	121,479	55,487	53,826
Other expenses	163,297	115,175	114,164
Defined benefit pension plan expense	58,674	5,671	8,110
Acquisition and related integration costs	37,988	9,708	—
Total costs and expenses	721,480	443,911	401,744
Depreciation, Amortization, and Losses (Gains):			
Depreciation	34,178	24,168	24,144
Amortization of intangible assets	17,774	8,012	6,378
Impairment of goodwill and intangibles	24,613	—	—
Losses (gains), net on disposal of property, plant and equipment	483	(2,872)	296
Net depreciation, amortization, and losses (gains)	77,048	29,308	30,818
Operating (loss) income	(82,872)	25,533	(205)
Interest expense	(15,099)	(8,494)	(10,437)
Miscellaneous, net	(1,421)	(7,693)	(11,350)
(Loss) income from continuing operations before income taxes	(99,392)	9,346	(21,992)
Benefit for income taxes	(32,755)	(111)	(11,907)
Net (loss) income from continuing operations	(66,637)	9,457	(10,085)
Net (loss) income from discontinued operations, net of tax	(15,840)	1,072	9,611
Net (loss) income	$(82,477)	$10,529	$(474)
Net (loss) income per basic share of common stock:			
(Loss) income from continuing operations	$(0.86)	$0.16	$(0.18)
(Loss) income from discontinued operations	(0.20)	0.02	0.17
Net (loss) income per basic share of common stock	$(1.06)	$0.18	$(0.01)
Net (loss) income per diluted share of common stock:			
(Loss) income from continuing operations	$(0.86)	$0.16	$(0.18)
(Loss) income from discontinued operations	(0.20)	0.02	0.17
Net (loss) income per diluted share of common stock	$(1.06)	$0.18	$(0.01)
Weighted average shares outstanding:			
Basic	77,373	56,342	56,516
Diluted	77,373	57,239	56,516

See notes to consolidated financial statements.

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The E. W. Scripps Company
Consolidated Statements of Comprehensive Income (Loss)

(in thousands)	For the years ended December 31, 2015	2014	2013
Net (loss) income	$(82,477)	$10,529	$(474)
Changes in fair value of derivative, net of tax of $148, $145 and $175	237	239	291
Changes in defined benefit pension plans, net of tax of $21,139, $(27,516), and $21,662	33,825	(45,500)	35,811
Other	253	(259)	(185)
Total comprehensive (loss) income	$(48,162)	$(34,991)	$35,443

See notes to consolidated financial statements.

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The E. W. Scripps Company
Consolidated Statements of Cash Flows

(in thousands)	For the years ended December 31, 2015	2014	2013
Cash Flows from Operating Activities:			
Net (loss) income	$(82,477)	$10,529	$(474)
(Loss) income from discontinued operations	(15,840)	1,072	9,611
(Loss) income from continuing operations	(66,637)	9,457	(10,085)
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	51,952	32,180	30,522
Impairment of goodwill and intangibles	24,613	—	—
Losses (gains) on sale of property, plant and equipment	483	(2,872)	296
Loss on sale of investments	—	63	3,000
Deferred income taxes	(26,831)	5,384	(4,344)
Excess tax benefits of share-based compensation plans	—	(8,352)	—
Stock and deferred compensation plans	10,125	6,992	5,780
Pension expense, net of payments	58,358	4,433	7,877
Other changes in certain working capital accounts, net	(43,790)	29,243	(31,210)
Miscellaneous, net	555	1,767	4,925
Net cash provided by continuing operating activities	8,828	78,295	6,761
Net cash provided by discontinued operating activities	42	23,760	26,744
Net operating activities	8,870	102,055	33,505
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	(46,838)	(149,284)	—
Proceeds from sale of property, plant and equipment	1,722	5,856	38
Proceeds from sale of property held for sale	14,500	—	—
Additions to property, plant and equipment	(23,105)	(16,300)	(15,857)
Change in restricted cash	250	1,400	1,800
Purchase of investments	(7,658)	(2,652)	(1,575)
Miscellaneous, net	1,578	2,007	69
Net cash used in continuing investing activities	(59,551)	(158,973)	(15,525)
Net cash used in discontinued investing activities	(1,561)	(1,564)	(4,358)
Net investing activities	(61,112)	(160,537)	(19,883)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	200,000	—	200,000
Payments on long-term debt	(122,406)	(2,000)	(196,100)
Payments of financing costs	(2,592)	(483)	(2,470)
Dividends paid	(59,523)	—	—
Repurchase of Class A Common shares	(16,222)	(21,237)	(74,199)
Proceeds from employee stock options	7,249	16,579	46,624
Tax payments related to shares withheld for vested stock and RSUs	(5,237)	(4,261)	(6,270)
Excess tax benefits from stock compensation plans	—	8,352	—
Miscellaneous, net	575	(1,264)	(2,484)
Net cash provided by (used in) continuing financing activities	1,844	(4,314)	(34,899)
Net cash used in discontinued financing activities	—	—	(110)
Net financing activities	1,844	(4,314)	(35,009)

Decrease in cash and cash equivalents	(50,398)	(62,796)	(21,387)
Cash and cash equivalents:			
Beginning of year	158,459	221,255	242,642
End of year	$108,061	$158,459	$221,255

See notes to consolidated financial statements.

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The E. W. Scripps Company
Consolidated Statements of Equity

(in thousands, except share data)	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
As of December 31, 2012	$555	$517,688	$ 136,293	$ (116,840)	$ 2,214	$539,910
Net loss	—	—	(474)	—	(250)	(724)
Changes in defined benefit pension plans	—	—	—	35,811	—	35,811
Change in fair value of derivative	—	—	—	291	—	291
Repurchase 5,065,660 Class A Common Shares	(51)	(55,222)	(18,926)	—	—	(74,199)
Compensation plans: 5,565,932 net shares issued *	56	46,777	—	—	—	46,833
Other	—	—	—	(185)	—	(185)
As of December 31, 2013	560	509,243	116,893	(80,923)	1,964	547,737
Net income (loss)	—	—	10,529	—	(307)	10,222
Changes in defined benefit pension plans	—	—	—	(45,500)	—	(45,500)
Change in fair value of derivative	—	—	—	239	—	239
Repurchase 1,181,560 Class A Common Shares	(12)	(12,496)	(8,729)	—	—	(21,237)
Compensation plans: 2,149,581 net shares issued *	22	20,138	—	—	—	20,160
Excess tax expense of compensation plans	—	8,571	—	—	—	8,571
Other	—	—	—	(259)	—	(259)
As of December 31, 2014	570	525,456	118,693	(126,443)	1,657	519,933
Net loss	—	—	(82,477)	—	—	(82,477)
Changes in defined benefit pension plans	—	—	—	33,825	—	33,825
Change in fair value of derivative	—	—	—	237	—	237
Cash dividends: declared and paid - $1.03 per share	—	—	(59,523)	—	—	(59,523)
Shares issued for acquisition: 26,350,993 shares issued	263	635,737	—	—	—	636,000
Spin-off of Newspapers	—	—	(143,511)	2,326	(1,657)	(142,842)
Repurchase 839,859 Class A Common Shares	(8)	(8,994)	(7,220)	—	—	(16,222)
Compensation plans: 1,313,313 net shares issued *	13	11,786	—	—	—	11,799
Other	—	—	—	253	—	253
As of December 31, 2015	$838	$1,163,985	$ (174,038)	$ (89,802)	$ —	$900,983

* Net of tax payments related to shares withheld for vested stock and RSUs of $5,237 in 2015, $4,261 in 2014 and $6,270 in 2013.

See notes to consolidated financial statements.

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THE E. W. SCRIPPS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies
As used in the Notes to Consolidated Financial Statements, 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.
Nature of Operations — We are a diverse media enterprise with a portfolio of television, radio and digital media brands. All of our media businesses provide content and advertising services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: television, radio, digital, and syndication and other. Additional information for our business segments is presented in the Notes to Consolidated Financial Statements.
On April 1, 2015, we distributed our newspaper business to our shareholders in a tax-free spin-off. For additional information on the spin-off, see Note 21.
Concentration Risks — Our operations are geographically dispersed and we have a diverse customer base. We believe bad debt losses resulting from default by a single customer, or defaults by customers in any depressed region or business sector, would not have material effect on our financial position, results of operations or cash flows.
We derive nearly 80% of our operating revenues from marketing services, including advertising. Changes in the demand for such services, both nationally and in individual markets, can affect operating results.
Use of Estimates — Preparing 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; the fair value of assets acquired and liabilities assumed in business combinations; 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.
Consolidation — The consolidated financial statements include the accounts of The E. W. Scripps Company and its majority-owned subsidiary companies. Investments in 20%-to-50%-owned companies where we exert significant influence and all 50%-or-less-owned partnerships and limited liability companies are accounted for using the equity method. We do not hold any interests in variable interest entities. All significant intercompany transactions have been eliminated.
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. When a sales arrangement contains multiple elements, such as the sale of advertising and other services, we allocate revenue to each element based upon its relative fair value. We report revenue net of sales and other taxes collected from our customers.
Our primary sources of revenue are from the sale of broadcast and digital advertising, as well as retransmission fees received from cable operators and satellite carriers.
Revenue recognition policies for each source of revenue are outlined below.
Advertising — Broadcast advertising revenue is recognized, net of agency commissions, when we air the advertisements. Digital advertising includes time-based, impression-based, and click-through campaigns. We recognize digital advertising revenue from fixed duration campaigns over the period in which the advertising appears. We recognize digital advertising revenue that is based upon the number of impressions delivered or the number of click-throughs as impressions are delivered or as click-throughs occur.

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Television advertising arrangements may guarantee the advertiser a minimum audience. We provide the advertiser with additional advertising time if we do not deliver the guaranteed audience size. We recognize broadcast advertising revenue as the guaranteed minimum audience is delivered.
Retransmission — We derive revenues from cable operators and satellite carriers for the retransmission of our broadcast signal. We recognize retransmission revenues based on the contractual terms and rates.
Other Revenues — We derive revenues from sponsorships and community events through our television and radio segments. We also derive revenues from sports affiliation fees we receive in the radio segment. Our digital segment offers digital marketing to our advertising customers and subscription services for access to premium content to our consumers.
Cash Equivalents — Cash equivalents represent highly liquid investments with maturity of less than three months when acquired.
Trade Receivables — We extend credit to customers based upon our assessment of the customer's financial condition. Collateral is generally not required from customers. We base allowances for credit losses upon trends, economic conditions, review of aging categories, specific identification of customers at risk of default and historical experience. We require advance payment from political advertisers.

A rollforward of the allowance for doubtful accounts is as follows:
(in thousands)

January 1, 2013	$1,815	
Charged to revenues, costs and expenses	167	
Amounts charged off, net	(862	)
Balance as of December 31, 2013	1,120	
Charged to revenues, costs and expenses	1,073	
Amounts charged off, net	(803	)
Balance as of December 31, 2014	1,390	
Charged to revenues, costs and expenses	1,412	
Amounts charged off, net	(1,192	)
Balance as of December 31, 2015	$1,610	

Investments — We make investments in private companies. Investment securities can be impacted by various market risks, including interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in our financial statements.
We record investments in private companies not accounted for under the equity method at cost, net of impairment write-downs, because no readily determinable market price is available.
We regularly review our investments to determine if there has been any other-than-temporary decline in value. These reviews require management judgments that often include estimating the outcome of future events and determining whether factors exist that indicate impairment has occurred. We evaluate, among other factors, the extent to which cost exceeds fair value; the duration of the decline in fair value below cost; and the current cash position, earnings and cash forecasts and near term prospects of the investee. We reduce the cost basis when a decline in fair value below cost is determined to be other than temporary, with the resulting adjustment charged against earnings.

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Property, Plant and Equipment — Property, plant and equipment is carried at cost less depreciation. We compute depreciation using the straight-line method over estimated useful lives as follows:

Buildings and improvements	15 to 45 years
Leasehold improvements	Shorter of term of lease or useful life
Broadcast transmission towers and related equipment	15 to 35 years
Other broadcast and program production equipment	3 to 15 years
Computer hardware	3 to 5 years
Office and other equipment	3 to 10 years

Programs and Program Licenses — Programs and program licenses include the cost of national television network programming, programming produced by us or for us by independent production companies and programs licensed under agreements with independent producers.

Our network affiliation agreements require the payment of affiliation fees to the network. Network affiliation fees consist of pre-determined fixed fees in all cases and variable payments based on a share of retransmission revenues above the fixed fees for some of our agreements.

Program licenses generally have fixed terms, limit the number of times we can air the programs and require payments over the terms of the licenses. We record licensed program assets and liabilities when the programs become available for broadcast. We do not discount program licenses for imputed interest. We amortize program licenses based upon expected cash flows over the term of the license agreement. We classify the portion of the unamortized balance expected to be amortized within one year as a current asset.

The costs of programming produced by us or for us by independent production companies are expensed over the course of the television season. Internal costs, including employee compensation and benefits, to produce daily or live broadcast shows, such as news, sports or daily magazine shows, are expensed as incurred and are not classified in our Consolidated Statements of Operations as program costs.

We review the net realizable value of programs and program licenses for impairment using a day-part methodology, whereby programs broadcast during a particular time period, such as prime time, are evaluated on an aggregate basis.

Program rights liabilities payable within the next twelve months are included in accounts payable. Noncurrent program rights liabilities are included in other noncurrent liabilities.

Goodwill and Other Indefinite-Lived Intangible Assets — Goodwill represents the cost of acquisitions in excess of the acquired businesses' tangible assets and identifiable intangible assets.

FCC licenses represent the value assigned to the broadcast licenses of acquired broadcast television and radio stations. Broadcast television and radio stations are subject to the jurisdiction of the Federal Communications Commission ("FCC") which prohibits the operation of stations except in accordance with an FCC license. FCC licenses stipulate each station's operating parameters as defined by channels, effective radiated power and antenna height. FCC licenses are granted for a term of up to eight years, and are renewable upon request. We have never had a renewal request denied and all previous renewals have been for the maximum term.

We do not amortize goodwill and other indefinite-lived intangible assets, but we review them for impairment at least annually or any time events occur or conditions change that would indicate it is more likely than not the fair value of a reporting unit is below its carrying value. We perform our annual impairment review during the fourth quarter of each year in conjunction with our annual planning cycle. We also assess, at least annually, whether assets classified as indefinite-lived intangible assets continue to have indefinite lives.

We review goodwill for impairment based upon reporting units, which are defined as operating segments or groupings of businesses one level below the operating segment level. Reporting units with similar economic characteristics are aggregated into a single unit when testing goodwill for impairment. Our reporting units are our television group, radio group, core digital (comprised of our local digital brands), Midroll and Newsy.

Amortizable Intangible Assets — Television network affiliations represents the value assigned to an acquired broadcast television station's relationship with a national television network. Television stations affiliated with national television networks typically have greater profit margins than independent television stations, primarily due to audience recognition of the television station as a network affiliate. We amortize these network affiliation relationships on a straight-line basis over estimated useful lives of 20 years.

We amortize customer lists and other intangible assets in relation to their expected future cash flows over estimated useful lives of up to 10 years.

Impairment of Long-Lived Assets — We review long-lived assets (primarily property, plant and equipment and amortizable intangible assets) for impairment whenever events or circumstances indicate the carrying amounts of the assets may not be recoverable. Recoverability is determined by comparing the forecasted undiscounted cash flows of the operation to which the assets relate to the carrying amount of the assets. If the undiscounted cash flow is less than the carrying amount of the assets, then amortizable intangible assets are written down first, followed by other long-lived assets, to fair value. We determine fair value based on discounted cash flows or appraisals. We report long-lived assets to be disposed of at the lower of carrying amount or fair value less costs to sell.

Self-Insured Risks — We are self-insured, up to certain limits, for general and automobile liability, employee health, disability and workers' compensation claims and certain other risks. Estimated liabilities for unpaid claims totaled $10.7 million and $6.3 million at December 31, 2015 and 2014, respectively. We estimate liabilities for unpaid claims using actuarial methodologies and our historical claims experience. While we re-evaluate our assumptions and review our claims experience on an ongoing basis, actual claims paid could vary significantly from estimated claims, which would require adjustments to expense. Based on the terms of the Master Transaction Agreement, Scripps remains the primary obligor for newspaper insurance claims incurred prior to April 1, 2015. We recorded the liabilities related to these claims on our balance sheet with an offsetting receivable of $3.3 million, which will be paid by Journal Media Group.

Income Taxes — We recognize deferred income taxes for temporary differences between the tax basis and reported amounts of assets and liabilities that will result in taxable or deductible amounts in future years. We establish a valuation allowance if we believe that it is more likely than not that we will not realize some or all of the deferred tax assets.

We record a liability for unrecognized tax benefits resulting from uncertain tax positions taken or that we expect to take in a tax return. Interest and penalties associated with such tax positions are included in the tax provision. The liability for additional taxes and interest is included in other liabilities in the Consolidated Balance Sheets.

Risk Management Contracts — We do not hold derivative financial instruments for trading or speculative purposes and we do not hold leveraged contracts. From time to time, we may use derivative financial instruments to limit the impact of interest rate fluctuations on our earnings and cash flows.

Stock-Based Compensation — We have a Long-Term Incentive Plan (the "Plan") which is described more fully in Note 18. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs), restricted and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

We recognize compensation cost based on the grant-date fair value of the award. We determine the fair value of awards that grant the employee the underlying shares by the fair value of a Class A Common share on the date of the award.

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

Compensation costs, net of estimated forfeitures due to termination of employment or failure to meet performance targets, are recognized on a straight-line basis over the requisite service period of the award. The requisite service period is generally the vesting period stated in the award. Grants to retirement-eligible employees are expensed immediately and grants to employees who will become retirement eligible prior to the end of the stated vesting period

are expensed over such shorter period because stock compensation grants vest upon the retirement of the employee.

Earnings Per Share (“EPS”) — Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our RSUs, are considered participating securities for purposes of calculating EPS. Under the two-class method, we allocate a portion of net income to these participating securities and therefore exclude that income from the calculation of EPS for common stock. We do not allocate losses to the participating securities.
The following table presents information about basic and diluted weighted-average shares outstanding:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Numerator (for basic and diluted earnings per share)			
Net (loss) income	$(82,477)	$10,529	$(474)
Less income allocated to RSUs	—	(240)	—
Numerator for basic and diluted earnings per share	$(82,477)	$10,289	$(474)
Denominator			
Basic weighted-average shares outstanding	77,373	56,342	56,516
Effect of dilutive securities:			
Stock options held by employees and directors	—	897	—
Diluted weighted-average shares outstanding	77,373	57,239	56,516
Anti-dilutive securities[1]	1,907	—	4,957

(1) Amount outstanding at Balance Sheet date, before application of the treasury stock method and not weighted for period outstanding.

For 2014, in the determination of dilutive securities, the inclusion of RSUs as participating securities is more dilutive, and therefore, the dilutive EPS calculation excludes them. For 2015 and 2013, we incurred a net loss and the inclusion of RSUs and stock options held by employees and directors were anti-dilutive, and accordingly the diluted EPS calculation 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 Consolidated 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 Consolidated 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, the underlying hedged transaction is no longer likely to occur, the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued.

2. Recently Adopted Standards and Issued Accounting Standards

Recently Issued Accounting Standards — In August 2014, the Financial Accounting Standards Board (FASB) issued new guidance related to the disclosures around going concern. The new standard provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of

this standard is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued new guidance on revenue recognition. Under this new standard, an entity shall recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step process that requires entities to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. This standard permits the use of either the retrospective or cumulative effect transition method and will be effective for us beginning in 2018. Early adoption is permitted in 2017. We are currently assessing the impact this new guidance will have on our consolidated financial statements and have not yet determined a transition method.

Recently Adopted Accounting Standards — In November 2015, the FASB issued new guidance to classify deferred tax assets (DTAs) and deferred tax liabilities as noncurrent in the balance sheet. We have elected to early adopt this guidance effective December 31, 2015. We adopted this guidance retrospectively which results in us classifying the December 31, 2014 current DTA balance of $10.8 million with the noncurrent DTA for a total December 31, 2014 noncurrent DTA balance of $65.4 million.

In April 2015, the FASB issued new guidance for the presentation of debt issuance costs in the financial statements. Under this new guidance, debt issuance costs (except for lines of credit) are classified in the balance sheet as a deduction from the related debt liability rather than as an asset. Additionally, amortization of these costs must be classified as interest expense. We have elected to early adopt this guidance effective December 31, 2015. Retrospective adoption of this guidance resulted in us classifying $3.3 million and $1.6 million of deferred loan costs as of December 31, 2015 and 2014, respectively, as a reduction of long-term debt. Reported interest expense was not affected.

In April 2014, the FASB issued new guidance on reporting and disclosure requirements related to discontinued operations. With the new guidance, a disposal of a component or group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on an entity's operations and financial results. We adopted this guidance effective January 1, 2015.

3. Acquisitions

Midroll Media

On July 22, 2015, we acquired Midroll Media, a Los Angeles-based company that creates original podcasts and operates a network that generates advertising revenue for more than 200 shows. The purchase price was $50 million in cash, plus a $10 million earnout payable over three years. We estimated the fair value of the earnout to be $7 million at the acquisition date.

The following table summarizes the final fair values of the assets acquired and the liabilities assumed:
(in thousands)

Assets:	
Cash	$635
Accounts receivable	2,925
Other assets	482
Intangible assets	10,700
Goodwill	45,586
Total assets acquired	60,328
Current liabilities	3,365
Net purchase price	$56,963

Of the $11 million allocated to intangible assets, $7 million was allocated to advertiser relationships with an estimated amortization period of 5 years and the balance of $4 million was allocated to various other intangible assets.

The goodwill of $46 million arising from the transaction consists largely of the benefit we will derive from being able to enter the podcast market with an established business. We allocated the goodwill to our digital segment. We treated the transaction as an asset acquisition for income tax purposes with a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

From the acquisition date of July 22, 2015 through December 31, 2015, revenues from the acquired Midroll operations were $4.6 million.

Journal Communications Broadcast Group

On April 1, 2015, we acquired the broadcast group owned by Journal Communications, Inc. ("Journal") as part of the transactions described in Note 21. The businesses acquired include 12 television stations and 34 radio stations. We issued 26.4 million Class A Common shares to the Journal shareholders in exchange for their interest in Journal resulting in a purchase price of $636 million. The fair value of the shares issued was determined on the basis of the closing market price of our Class A Common shares on April 1, 2015, the acquisition date.

The following table summarizes the final fair values of the assets acquired and the liabilities assumed:
(in thousands)

Assets:	
Cash	$2,529
Accounts receivable	47,978
Other current assets	2,236
Property, plant and equipment	123,264
Intangible assets	294,800
Goodwill	456,440
Other long-term assets	6,350
Assets held for sale	14,500
Total assets acquired	948,097
Accounts payable and accrued liabilities	38,107
Employee benefit obligations	85,261
Deferred tax liability	57,112
Long-term debt	126,873
Other long-term liabilities	4,744
Net purchase price	$636,000

Of the $295 million allocated to intangible assets, $112 million was for FCC licenses which we determined to have an indefinite life and, therefore, are not amortized. The remaining balance of $183 million was allocated to television network affiliation relationships and advertiser relationships with estimated amortization periods of 10 to 20 years.

The goodwill of $456 million arising from the transaction consists largely of synergies and economies of scale and other benefits of a larger broadcast footprint. The goodwill was allocated to our television ($395 million), radio ($41 million) and digital ($20 million) segments. We treated the transaction as a stock acquisition for income tax purposes resulting in no step-up in the assets acquired. The goodwill is not deductible for income tax purposes.

Concurrent with the acquisition of the Journal television stations, due to FCC conflict ownership rules, Journal was required to dispose of KNIN, the Fox affiliate located in Boise, ID. The station was placed in a divestiture trust for our

benefit and was sold to Raycom Media, Inc. on October 1, 2015 for $14.5 million. The sale did not result in a gain or loss.

From the acquisition date of April 1, 2015 through December 31, 2015, revenues from the acquired Journal operations were $200 million.

Granite Broadcasting

On June 16, 2014, we closed our acquisition of two television stations owned by Granite Broadcasting Corporation — the Detroit MyNetworkTV affiliate WMYD-TV and the Buffalo, N.Y. ABC affiliate WKBW-TV ("acquired Granite stations") — for $110 million in cash. The acquisition of WMYD-TV creates a duopoly with our Detroit ABC affiliate WXYZ-TV.

The following table summarizes the final fair values of the assets acquired and the liabilities assumed:

(in thousands)	
Assets:	
Property, plant and equipment	$12,025
Intangible assets	53,500
Goodwill	44,715
Total assets acquired	110,240
Current liabilities	240
Net purchase price	$110,000

Of the $54 million allocated to intangible assets, $34 million was for FCC licenses which we have determined to have an indefinite life and, therefore, will not be amortized. The remaining balance of $19 million was allocated to television network affiliation relationships and advertiser relationships with estimated amortization periods of 10 to 20 years.

The goodwill of $45 million arising from the transaction consists largely of synergies and economies of scale and other benefits of a larger broadcast footprint, as well as synergies from being able to create a duopoly in our Detroit market. We allocated the goodwill to our television segment. We treated this purchase as an asset acquisition for income tax purposes resulting in a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

Media Convergence Group

On January 1, 2014 we completed our acquisition of Media Convergence Group, Inc., which operates as Newsy, an over-the-top video news provider, for $35 million in cash, plus a working capital adjustment of $0.2 million.

The following table summarizes the final fair values of the assets acquired and the liabilities assumed:

(in thousands)	
Assets:	
Accounts receivable	$640
Other assets	74
Equipment and software	631
Intangible assets	5,900
Goodwill	28,983
Total assets acquired	36,228
Current liabilities	116
Long-term deferred tax liability	890

Net purchase price	$35,222

Of the $6 million allocated to intangible assets, $4 million was allocated to customer relationships with an estimated amortization period of 5 years and the balance of $2 million was allocated to various other intangible assets.

The goodwill of $29 million arising from the transaction consists largely of the benefit we will derive from being able to enter the digital video market with an established business. We allocated the goodwill to our digital segment. We treated the transaction as a purchase of stock for income tax purposes resulting in no step-up in the basis of the assets acquired. The goodwill is not deductible for income tax purposes.

Geoterrestrial

On September 16, 2014, we completed our acquisition of Geoterrestrial, Inc. ("WeatherSphere") for $4 million. WeatherSphere is a provider of weather-related mobile apps. The stock purchase agreement includes an earnout provision, whereby up to an additional $2.5 million may be payable over a three year period. We estimated the fair value of the earnout to be $1.2 million. We are not presenting any pro forma results of operations since the impact of the acquisition is not material to prior periods results of operations.

Pro forma results of operations

Pro forma results of operations, assuming the Granite and Journal transactions (collectively the "Acquired Stations") had taken place at the beginning of 2013 and 2014, respectively, are included in the following table. The pro forma results do not include Midroll, Newsy or Weathersphere as the impact of these acquisitions, individually or in the aggregate, are not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps and the Acquired Stations and adjustments for additional depreciation and amortization of the assets acquired, additional interest expense related to the financing of the transaction and reflecting the transaction costs incurred in 2015 as if they were incurred in the first quarter of 2014. The weighted average shares utilized in calculating the earnings per share assumes that the shares issued to the Journal shareholders were issued on January 1, 2014. The pro forma information does not include efficiencies, cost reductions or 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.

	For the years ended December 31,	
(in thousands, except per share data) (unaudited)	2015	2014
Operating revenues	$778,118	$792,718
(Loss) income from continuing operations attributable to the shareholders of The E. W. Scripps Company	(37,452)	12,079
(Loss) income per share from operations attributable to the shareholders of The E. W. Scripps Company:		
Basic	$(0.45)	$0.14
Diluted	(0.45)	0.14

4. Asset Write-Downs and Other Charges and Credits

Income (loss) from operations was affected by the following:

2015 — Acquisition and related integration costs of $38.0 million are costs incurred for the Journal transactions and other acquisitions, such as legal and accounting fees, as well as costs to integrate the acquired operations.

We recorded a $24.6 million non-cash charge to reduce the carrying value of our goodwill and certain intangible assets of Newsy and a smaller business. See Note 9 for additional information.

2014 — Acquisition and related integration costs of $9.7 million include costs associated with the acquisition of two television stations from Granite Broadcasting, as well as costs for the Journal transactions.

We recorded a $3.0 million gain from the sale of excess land.

We recorded a $5.9 million non-cash charge to reduce the carrying value of investments.
2013 — We recorded a $4.5 million non-cash loss on the disposition of an investment and to reduce the carrying value of investments.
We recorded a $4.6 million non-cash charge to write-off unamortized deferred loan issuance costs as a result of the debt refinance in the fourth quarter of 2013.

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5. Income Taxes

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

The provision for income taxes from continuing operations consisted of the following:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Current:			
Federal	$279	$2,358	$928
State and local	(3,072)	(8,769)	(4,124)
Total current income tax provision	(2,793)	(6,411)	(3,196)
Deferred:			
Federal	(26,005)	6,402	(7,797)
Other	(3,957)	(102)	(914)
Total deferred income tax provision	(29,962)	6,300	(8,711)
Benefit for income taxes	$(32,755)	$(111)	$(11,907)

The difference between the statutory rate for federal income tax and the effective income tax rate was as follows:

	For the years ended December 31,		
	2015	2014	2013
Statutory rate	35.0 %	35.0 %	35.0 %
Effect of:			
State and local income taxes, net of federal tax benefit	3.5	3.4	4.8
Nondeductible expenses	(2.0)	15.7	(2.1)
Reserve for uncertain tax positions	2.5	(63.8)	13.9
Goodwill impairment	(7.6)	—	—
Other	1.6	8.5	2.5
Effective income tax rate	33.0 %	(1.2)%	54.1 %

Nondeductible expenses in 2015 and 2014 include amounts for transaction costs related to the Journal transactions.

The approximate effect of the temporary differences giving rise to deferred income tax assets (liabilities) were as follows:

	As of December 31,	
(in thousands)	2015	2014
Temporary differences:		
Property, plant and equipment	$(36,926)	$(15,962)
Goodwill and other intangible assets	(82,607)	(11,367)
Investments, primarily gains and losses not yet recognized for tax purposes	5,997	6,476
Accrued expenses not deductible until paid	11,329	8,534
Deferred compensation and retiree benefits not deductible until paid	96,463	63,103
Other temporary differences, net	3,410	3,779
Total temporary differences	(2,334)	54,563
Federal and state net operating loss carryforwards	17,005	11,715
Valuation allowance for state deferred tax assets	(1,031)	(912)
Net deferred tax asset	$13,640	$65,366

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Total federal operating loss carryforwards were $61 million and state operating loss carryforwards were $256 million at December 31, 2015. The federal operating loss carryforward includes $39 million of deductions from share-based awards, which are not recorded under GAAP until the deduction reduces income taxes payable. Our federal tax loss carryforwards and our state tax loss carryforwards expire through 2035. Because we file separate state income tax returns for certain of our subsidiary companies, we are not able to use state tax losses of a subsidiary company to offset state taxable income of another subsidiary company.

Deferred tax assets totaled $14 million at December 31, 2015. 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 federal 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.

We recognize state net operating loss carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

During 2013 and 2015, deferred tax assets relating to employee share-based compensation from the vesting of RSU's and the exercise of stock options have not been recognized since we were in a net tax loss position in those years. The additional tax benefits were reflected as net operating loss carryforwards when we filed our tax returns, but the additional tax benefits are not recorded under GAAP until the tax deduction reduces taxes payable. When the tax benefit is recognized, it will be recorded as additional paid-in capital. The amount of unrecognized tax deductions for the years ended December 31, 2015 and 2014 were approximately $16 million and $23 million, respectively.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Gross unrecognized tax benefits at beginning of year	$7,024	$14,824	$16,386
Increases in tax positions for prior years	859	—	2,692
Decreases in tax positions for prior years	(96)	(525)	—
Decreases from lapse in statute of limitations	(2,776)	(7,275)	(2,670)
Settlements	—	—	(1,584)
Gross unrecognized tax benefits at end of year	$5,011	$7,024	$14,824

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $1.6 million at December 31, 2015. We accrue interest and penalties related to unrecognized tax benefits in our provision for income taxes. At December 31, 2015 and 2014, we had accrued interest related to unrecognized tax benefits of $0.6 million and $1.2 million, respectively.

We file income tax returns in the U.S. and in various state and local jurisdictions. We are routinely examined by tax authorities in these jurisdictions. At December 31, 2015, we are no longer subject to federal income tax examinations for years prior to 2013. For state and local jurisdictions, we are generally no longer subject to income tax examinations for years prior to 2011.

In 2015 and 2014, we recognized $2.5 million and $6.0 million, respectively, of previously unrecognized net tax benefits primarily due to the lapse of the statute of limitations in certain tax jurisdictions.

Due to the potential for resolution of federal and state examinations, and the expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits balance may change within the next twelve months by as much as $0.9 million.

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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. Under the terms of the Tax Allocation Agreement with SNI, we receive any tax deductions for share-based compensation awards held by our employees in SNI. In 2015, 2014 and 2013, we took deductions upon the exercise of those awards that totaled approximately $2.2 million, $8.1 million and $14.3 million, respectively. These benefits are recorded as additional paid-in-capital at the time they are realized. At December 31, 2015, our employees held approximately 0.1 million SNI options which expire through 2017.

6. Restricted Cash

At December 31, 2015 and 2014, we had $6.6 million and $6.8 million, respectively, 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 our 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.

7. Investments

Investments consisted of the following:

	As of December 31,	
(in thousands)	2015	2014
Investments held at cost	$10,652	$5,433
Equity method investments	3,204	4,021
Total investments	$13,856	$9,454

Our investments do not trade in public markets, thus they do not have readily determinable fair values. We estimate the fair values of the investments to approximate their carrying values at December 31, 2015 and 2014. There can be no assurance we would realize the carrying values of these securities upon their sale.

8. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	As of December 31,	
(in thousands)	2015	2014
Land and improvements	$59,176	$30,047
Buildings and improvements	141,510	101,252
Equipment	303,867	235,715
Computer software	17,664	17,819
Total	522,217	384,833
Accumulated depreciation	251,170	226,992
Net property, plant and equipment	$271,047	$157,841

9. Goodwill and Other Intangible Assets

Goodwill by business segment was as follows:

(in thousands)	Television	Radio	Digital	Total
Gross balance as of December 31, 2012	$243,380	$—	$—	$243,380
Accumulated impairment losses	(215,414)	—	—	(215,414)
Balance as of December 31, 2013	$27,966	$—	$—	$27,966
Gross balance as of December 31, 2013	$243,380	$—	$—	$243,380
Accumulated impairment losses	(215,414)	—	—	(215,414)
Net balance as of December 31, 2013	27,966	—	—	27,966
2014 Newsy acquisition	—	—	28,983	28,983
2014 Granite stations acquisition	44,715	—	—	44,715
2014 WeatherSphere acquisition	—	—	4,597	4,597
Balance as of December 31, 2014	$72,681	$—	$33,580	$106,261
Gross balance as of December 31, 2014	$288,095	$—	$33,580	$321,675
Accumulated impairment losses	(215,414)	—	—	(215,414)
Net balance as of December 31, 2014	72,681	—	33,580	106,261
2015 Journal acquisition	395,440	41,000	20,000	456,440
Reassignment of goodwill for change in segments	(2,000)	—	2,000	—
2015 Midroll acquisition	—	—	45,586	45,586
2015 Impairment charge	—	—	(22,500)	(22,500)
Balance as of December 31, 2015	$466,121	$41,000	$78,666	$585,787
Gross balance as of December 31, 2015	$681,535	$41,000	$101,166	$823,701
Accumulated impairment losses	(215,414)	—	(22,500)	(237,914)
Net balance as of December 31, 2015	$466,121	$41,000	$78,666	$585,787

Other intangible assets consisted of the following:

	As of December 31,	
(in thousands)	2015	2014
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	$248,444	$93,944
Customer lists and advertiser relationships	56,100	20,000
Other	14,423	4,019
Total carrying amount	318,967	117,963
Accumulated amortization:		
Television network affiliation relationships	(24,590)	(14,092)
Customer lists and advertiser relationships	(17,092)	(7,765)
Other	(1,913)	(1,062)
Total accumulated amortization	(43,595)	(22,919)
Net amortizable intangible assets	275,372	95,044
Other indefinite-lived intangible assets — FCC licenses	203,815	92,215
Total other intangible assets	$479,187	$187,259

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Estimated amortization expense of intangible assets for each of the next five years is $22.3 million in 2016, $19.9 million in 2017, $19.4 million in 2018, $18.8 million in 2019, $18.2 million in 2020 and $176.8 million in later years. Goodwill and other indefinite-lived assets are tested for impairment annually and any time events occur or conditions change that would indicate it is more likely than not the fair value of a reporting unit is below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate or other factors resulting in low cash flow related to such assets. The testing for impairment is a two-step process. The first step is the estimation of the fair value of each of the reporting units, which is then compared to their carrying values. If the fair value is less than the carrying value of the reporting unit then an impairment of goodwill may exist. Step two is then performed to determine the amount of impairment.

Changes in the market for the distribution of video programming services, including the development of over-the-top distribution platforms such as Apple TV, Comcast's Watchable, PlutoTV, Xumo, Roku and Sling, has resulted in the need for additional investment in our video news service, Newsy. The additional investment, combined with the slower development of our original revenue model, created indications of impairment of goodwill as of September 30, 2015.

Under the two-step process required by GAAP, we estimated the fair value of Newsy. Fair values were determined using a combination of an income approach, which estimated fair value based upon future revenues, expenses and cash flows discounted to their present value, and a market approach, which estimated fair value using market multiples of various financial measures compared to a set of comparable public companies. The discounted cash flow approach utilized unobservable factors, such as projected revenues and expenses and a discount rate applied to the estimated cash flows. The determination of the discount rate was based on a cost of capital model, using a risk-free rate, adjusted by a stock-beta adjusted risk premium and a size premium. The inputs to the nonrecurring fair value determination of our reporting units are classified as Level 3 fair value measurements under GAAP.

The valuation methodology and underlying financial information used to determine fair value requires significant judgments to be made by management. These judgments include, but are not limited to, long-term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

We concluded that the fair value of Newsy did not exceed its carrying value as of September 30, 2015. Because of the timing and complexity of the calculations required under step two of the process, we had not yet completed the valuation of goodwill as of the issuance of our September 30, 2015 financial statements. However, based upon our preliminary valuations, we recorded a $21 million non-cash charge in the three months ended September 30, 2015 to reduce the carrying value of goodwill and $2.9 million to reduce the value of intangible assets. We completed step two of the goodwill impairment analysis in the fourth quarter of 2015 with no difference between the preliminary estimated impairment charge and the final amount.

We also recorded a $1.5 million goodwill impairment charge on a second small business in 2015.

10. Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	As of December 31, 2015	2014
Variable rate credit facility	$—	$—
Term loan	394,500	198,000
Debt issuance costs on term loan	(3,325)	(1,627)

Net term loan	391,175	196,373
Unsecured subordinated notes payable	7,968	—
Long-term debt	399,143	196,373
Current portion of long-term debt	6,656	2,000
Long-term debt (less current portion)	$392,487	$194,373
Fair value of long-term debt *	$396,576	$194,000

* Fair value of the term loan was estimated based on quoted private market transactions and is classified as Level 1 in the fair value hierarchy. The fair value of the unsecured promissory notes is determined based on a discounted cash flow analysis using current market interest rates of comparable instruments and is classified as a Level 2 in the fair value hierarchy.

Financing Agreement

On April 1, 2015, we entered into a $500 million second amended revolving credit and term loan agreement ("Second Amended Financing Agreement") to amend the terms of our existing revolving credit and term loan agreement ("Amended Financing Agreement"), to add an incremental $200 million term loan B borrowing and to increase the line of credit by $25 million. The proceeds from the incremental term loan B borrowing were used to pay off the $116 million Journal term loan assumed in connection with the Journal acquisition, fund the $60 million special dividend paid to the Scripps shareholders and for the payment of transaction expenses. The $400 million term loan B matures in November 2020 and the $100 million revolving credit facility matures in November 2018.

The Second Amended Financing Agreement includes the maintenance of a net leverage ratio if we borrow more than 20% on the revolving credit facility. The term loan B requires that if we borrow additional amounts or make a permitted acquisition that we cannot exceed a stated net leverage ratio on a pro forma basis at the date of the transaction.

The Second Amended Financing Agreement allows us to make restricted payments (dividends and stock repurchases) up to $70 million plus additional amounts based on our financial results and condition. We can also make additional stock repurchases equal to the amount of proceeds that we receive from the exercise of stock options held by our employees. Additionally, we can make acquisitions as long as the pro forma net leverage ratio is less than 4.5 to 1.0.

In certain circumstances, the Second Amended Financing Agreement requires that we must use a portion of excess cash flow, and the proceeds from a sale, to repay debt. As of December 31, 2015, we were not required to make additional principal payments based on excess cash flow. Under an amendment completed in the third quarter of 2015, any proceeds, up to a stipulated amount, that we receive from the upcoming FCC spectrum auction, should we choose to participate and our bid is accepted, will not be required to be used to pay down the term loan.

Under the terms of the Second Amended Financing Agreement, we granted the lenders mortgages on certain 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, and equipment.

Interest is payable on the term loan B at rates based on LIBOR, with a 0.75% LIBOR floor, plus a fixed margin of 2.75%. Interest is payable on the revolving credit facility at rates based on LIBOR plus a margin based on our leverage ratio ranging from 2.25% to 2.75%. As of December 31, 2015, the interest rate was 3.50% on the term loan B. The weighted-average interest rate on borrowings was 3.44% and 3.25% during December 31, 2015 and 2014, respectively.

Scheduled principal payments on our term loan B at December 31, 2015 are: $4.0 million in 2016, $4.0 million in 2017 $4.0 million in 2018, $4.0 million in 2019, and $378.5 million in 2020.

Commitment fees of 0.30% to 0.50% per annum, based on our leverage ratio, of the total unused commitment are payable under the revolving credit facility.

As of December 31, 2015 and 2014, we had outstanding letters of credit totaling $0.8 million and $0.2 million, respectively.

Unsecured Subordinated Notes Payable

The unsecured subordinated promissory notes bear interest at a rate of 7.25% per annum payable quarterly. The notes are payable in equal annual installments of $2.7 million on September 30 of 2016, 2017 and 2018, with no prepayment right.

11. 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 management instruments.

We may 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 December 2016. Under the terms of the swap, we pay a fixed interest rate of 1.08% and receive interest at a variable rate equal to 30 day LIBOR. We did not provide or receive any collateral for this contract.

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Fair Value of Derivative Instruments

The notional amounts and fair values of derivative instruments are shown in the table below:

	December 31, 2015			December 31, 2014		
	Notional	Fair value		Notional	Fair value	
(in thousands)	amount	Asset	Liability (1)	amount	Asset	Liability (1)
Undesignated derivatives:						
Interest rate swap	$75,000	$—	$299	$75,000	$—	$471

(1) Balance recorded as other liabilities in Consolidated Balance Sheets

Through November 2013, the above derivative instrument was designated as and qualified as a cash flow hedge and the effective portion of the unrealized gains and losses on the derivative was reported as a component of accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transactions affected earnings. Upon refinancing our term loan B in November 2013, this hedge no longer qualified as a cash flow hedge and gains and losses on the derivative are recognized in current period earnings. The balance in accumulated other comprehensive loss at the date of discontinuance of hedge accounting is being amortized into earnings on a straight-line basis through December 2016. For the years ended December 31, 2015 and 2014, approximately $0.4 million and $0.4 million, respectively, was amortized into earnings from accumulated other comprehensive loss and is included in the reclassified from accumulated OCL, gain/(loss) line in the table below.

	As of December 31,	
(in thousands)	2015	2014
Reclassified from accumulated OCL, gain/(loss)	$384	$384
Gain/(loss) on derivative	172	252

12. Fair Value Measurement

We measure certain financial assets and liabilities at fair value on a recurring basis, such as cash equivalents and derivatives. The fair values of these financial assets and liabilities were 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. These levels of input are as follows:

- 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 December 31, 2015 and 2014:

	December 31, 2015			
(in thousands)	Total	Level 1	Level 2	Level 3
Assets/(liabilities):				
Cash equivalents	$5,000	$5,000	$—	$—
Interest rate swap	(299)	—	(299)	—

	December 31, 2014			
(in thousands)	Total	Level 1	Level 2	Level 3

Assets/(liabilities):				
Cash equivalents	$10,000	$10,000	$—	$—
Interest rate swap	(471)	—	(471)	—

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13. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	As of December 31, 2015	2014
Employee compensation and benefits	$16,808	$15,914
Liability for pension benefits	221,965	136,429
Liabilities for uncertain tax positions	3,492	6,741
Other	25,302	10,087
Other liabilities (less current portion)	$267,567	$169,171

14. Supplemental Cash Flow Information

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

(in thousands)	For the years ended December 31, 2015	2014	2013
Other changes in certain working capital accounts, net			
Accounts and notes receivable	$(21,389)	$(1,765)	$(15,040)
Income taxes receivable/payable, net	(13,700)	9,007	2,490
Accounts payable	(2,586)	5,509	(7,738)
Accrued employee compensation and benefits	5,979	5,950	(8,249)
Other accrued liabilities	(8,161)	9,834	(268)
Other, net	(3,933)	708	(2,405)
Total	$(43,790)	$29,243	$(31,210)

Information regarding supplemental cash flow disclosures is as follows:

(in thousands)	For the years ended December 31, 2015	2014	2013
Supplemental cash flow disclosures:			
Interest paid	$13,436	$7,244	$8,067
Income taxes paid	14,984	455	417

In 2015, we acquired an intangible software asset of $7.1 million through a long-term financing arrangement.

15. Employee Benefit Plans

We sponsor two noncontributory defined benefit pension plans covering certain Scripps employees that began employment prior to June 30, 2008, as well as certain former Journal Communications, Inc. ("Journal") employees. We also have two non-qualified Supplemental Executive Retirement Plans ("SERPs") covering Scripps employees and certain former Journal employees. Both of the defined benefit plans and the SERPs have frozen the accrual of future benefits.

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 (transition credits) to certain employees' defined contribution retirement accounts in 2011. These transition credits, which were made through 2015, were determined based upon the employee’s age, compensation and years of service.

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.

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We use a December 31 measurement date for our retirement plans. Retirement plans expense is based on valuations as of the beginning of each fiscal year.

The components of the expense consisted of the following:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Service cost	$—	$85	$79
Interest cost	30,477	25,539	23,732
Expected return on plan assets, net of expenses	(24,320)	(23,481)	(21,501)
Amortization of actuarial loss	4,617	2,861	4,192
Curtailment/Settlement losses	46,793	—	—
Total for defined benefit plans	57,567	5,004	6,502
Multi-employer plans	180	393	407
Withdrawal from GCIU multi-employer plan	351	4,100	—
SERP	1,107	896	2,335
Defined contribution plans	9,858	11,739	11,379
Net periodic benefit cost	69,063	22,132	20,623
Allocated to discontinued operations	(482)	(8,985)	(5,532)
Net periodic benefit cost - continuing operations	$68,581	$13,147	$15,091

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) were as follows:

	For the years ended December 31,		
(in thousands)	2015	2014	2013
Current year actuarial gain/(loss)	$1,026	$(75,527)	$52,063
Amortization of actuarial loss	4,617	2,861	4,192
Curtailment/Settlement losses	46,793	—	—
Total	$52,436	$(72,666)	$56,255

In addition to the amounts summarized above, amortization of actuarial losses of $0.2 million, $0.3 million and $0.4 million were recorded through other comprehensive income in 2015, 2014 and 2013, respectively, related to our SERP plan. We recognized an actuarial gain of $2.3 million in 2015 and actuarial losses of $0.6 million and $0.7 million in 2014 and 2013, respectively, related to our SERP plan. A one-time curtailment charge of $1.1 million was recorded in the second quarter of 2015 related to our defined benefit pension plan as a result of the impact of the spin-off of our newspaper business.

On August 24, 2015, we offered eligible former employees with vested, deferred pension plan benefits the option to receive their benefits either as a lump-sum distribution or an immediate annuity payment. Approximately 4,300 former Scripps employees were eligible for this offer; former Journal Communications employees were not affected. All distributions were made from existing pension plan assets; company funds were not used to make the lump-sum distributions. The funded status of the plan remained materially unchanged as a result of this offer. The lump-sum payments were made in November 2015, at which time we recorded a non-cash pension settlement charge of $45.7 million.

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Assumptions used in determining the annual retirement plans expense were as follows:

	2015 [1]	2014		2013	
Discount rate	4.01%-4.53%	5.08	%	4.27	%
Long-term rate of return on plan assets	4.10%-6.10%	5.25	%	4.65	%
Increase in compensation levels	N/A	2.0	%	3.3	%

[1] Ranges presented for discount rate and long-term rate of return on plan assets for 2015 represent the rates used for various remeasurement periods during the year.

The discount rate used to determine our future pension obligations is based on a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans. The increase in compensation levels assumption is based on actual past experience and our near-term outlook.

The expected long-term rate of return on plan assets is based upon the weighted-average expected rate of return and capital market forecasts for each asset class employed.

Changes in other key actuarial assumptions affect the determination of the benefit obligations as of the measurement date and the calculation of net periodic benefit costs in subsequent periods. Recent actuarial studies indicate life expectancies are longer and thus increase the total expected benefit payments to plan participants. Our benefit obligations at December 31, 2014 reflected the new life expectancy assumptions which increased our pension obligations by approximately $45 million in 2014.

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Obligations and Funded Status — The defined benefit pension plan obligations and funded status are actuarially valued as of the end of each year. The following table presents information about our employee benefit plan assets and obligations:

	For the years ended December 31,			
	Defined Benefit Plans		SERP	
(in thousands)	2015	2014	2015	2014
Accumulated benefit obligation	$611,257	$620,623	$19,800	$15,261
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$620,623	$504,571	$15,261	$14,872
Service cost	—	85	—	—
Interest cost	30,477	25,539	747	638
Benefits paid	(28,670)	(24,708)	(1,105)	(810)
Actuarial (gains)/losses	(46,479)	115,136	(2,299)	561
Curtailments/Settlements	(148,006)	—	—	—
Journal acquisition	183,312	—	10,778	—
Newspaper divestiture	—	—	(3,582)	—
Projected benefit obligation at end of year	611,257	620,623	19,800	15,261
Plan assets:				
Fair value at beginning of year	495,047	456,591	—	—
Actual return on plan assets	(21,132)	63,090	—	—
Company contributions	—	74	1,105	810
Benefits paid	(28,670)	(24,708)	(1,105)	(810)
Curtailments/Settlements	(148,006)	—	—	—
Journal acquisition	110,558	—	—	—
Fair value at end of year	407,797	495,047	—	—
Funded status [1]	$(203,460)	$(125,576)	$(19,800)	$(15,261)
Amounts recognized in Consolidated Balance Sheets:				
Current liabilities	$—	$—	$(1,295)	$(1,048)
Noncurrent liabilities	(203,460)	(125,576)	(18,505)	(14,213)
Total	$(203,460)	$(125,576)	$(19,800)	$(15,261)
Amounts recognized in accumulated other comprehensive loss consist of:				
Unrecognized net actuarial (gain)/loss	$139,321	$191,757	$4,924	$9,632

[1] For 2014, $3.6 million of the SERP liability related to the divested newspaper operations is included in long-term liabilities of discontinued operations.

In 2016, for our defined benefit pension plans, we expect to recognize amortization of actuarial loss from accumulated other comprehensive loss into net periodic benefit costs of $4.2 million (including $0.2 million for the SERP).

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Information for pension plans with an accumulated benefit obligation and projected benefit obligation in excess of plan assets was as follows:

	As of December 31,			
	Defined Benefit Plans		SERP	
(in thousands)	2015	2014	2015	2014
Accumulated benefit obligation	$611,257	$620,623	$19,800	$15,261
Projected benefit obligation	611,257	620,623	19,800	15,261
Fair value of plan assets	407,797	495,047	—	—

Assumptions used to determine the defined benefit pension plans benefit obligations were as follows:

	2015	2014	2013
Weighted average discount rate	4.55 %	4.23 %	5.08 %
Increase in compensation levels	N/A	N/A	2.0 %

We expect to contribute $1.3 million in 2016 to fund SERP benefits. Additionally, we expect to contribute $5 million to $10 million for our qualified defined benefit pension plans in 2016.

Estimated future benefit payments expected to be paid from the plans for the next ten years are $33.6 million in 2016, $34.4 million in 2017, $35.3 million in 2018, $35.9 million in 2019, $36.8 million in 2020 and a total of $192.4 million for the five years ending 2025.

Plan Assets and Investment Strategy

Our long-term investment strategy for pension assets is to earn a rate of return over time that minimizes future contributions to the plan while reducing the volatility of pension assets relative to pension liabilities. The strategy reflects the fact that we have frozen the accrual of service credits under defined benefit pension plans covering the majority of employees. We evaluate our asset allocation target ranges for equity, fixed income and other investments annually. We monitor actual asset allocations monthly and adjust as necessary. We control risk through diversification among multiple asset classes, managers and styles. Risk is further monitored at the manager and asset class level by evaluating performance against appropriate benchmarks.

Information related to our pension plan asset allocations by asset category were as follows:

	Target allocation	Percentage of plan assets as of December 31,	
	2016	2015	2014
US equity securities	20 %	14 %	11 %
Non-US equity securities	29 %	21 %	15 %
Fixed-income securities	45 %	58	