

**THE E. W. SCRIPPS COMPANY**  
**RESULTS OF OPERATIONS**

(in thousands, except per share data)	Three months ended December 31,			Years ended December 31,		
	2008	2007	Change	2008	2007	Change
Operating revenues	\$ 264,926	\$ 282,308	(6.2)%	\$ 1,001,792	\$ 1,079,546	(7.2)%
Costs and expenses, excluding separation costs	(231,947)	(232,434)	(0.2)%	(906,757)	(939,237)	(3.5)%
Separation costs	(1,877)			(33,506)	(257)	
Depreciation and amortization of intangibles	(12,402)	(11,406)	8.7 %	(46,972)	(44,705)	5.1 %
Impairment of goodwill, indefinite and long-lived assets	(31,036)			(809,936)		
Gains on disposal of property, plant and equipment	3,565	280		5,809	24	
Operating income (loss)	(8,771)	38,748		(789,570)	95,371	
Interest expense		(7,998)		(10,941)	(37,121)	(70.5)%
Equity in earnings of JOAs and other joint ventures	920	10,983		13,795	27,688	(50.2)%
Write-down of investments in newspaper partnerships	(10,876)			(130,784)		
Loss on repurchases of debt				(26,380)		
Miscellaneous, net	(642)	2,953		6,888	17,148	(59.8)%
Income (loss) from continuing operations before income taxes and minority interests	\$ (19,369)	\$ 44,686		\$ (936,992)	\$ 103,086	

*See notes to results of operations.*

## Notes to Results of Operations

### **1. OTHER CHARGES AND CREDITS**

Loss from continuing operations before income tax and minority interest was affected by the following:

**2008** – As a result of the spin-off of Scripps Networks Interactive (“SNI”), employees holding share-based equity awards, received modified awards in E.W. Scripps and SNI’s stock. Under SFAS 123R the adjustment to the outstanding share-based equity awards is a modification of the awards and incremental compensation is recognized to the extent the fair value of the awards immediately prior to the modification is less than the fair value of the modified awards. Compensation associated with the modification totaled \$19.6 million and is included in separation costs in our 2008 results of operations from continuing operations before income tax and minority interest.

Due primarily to the continuing negative effects of the economy on our advertising revenues and those of other publishing companies, and the difference between our stock price following the spin-off of SNI to shareholders and the per share carrying value of our remaining net assets, we determined that indications of impairment of goodwill related to our newspaper business segments existed as of June 30, 2008. In the second quarter we recorded a \$779 million, non-cash charge to reduce the carrying value of goodwill. In 2008, we also recorded a non-cash charge of \$131 million to reduce the carrying value of our investment in the Denver JOA and Colorado newspaper partnership to our share of the estimated fair value of their net assets.

In the fourth quarter we took a \$31 million non cash charge to write-down to fair value certain tangible and intangible assets in our Television segment.

In the second quarter of 2008, we redeemed the remaining balances of our outstanding notes and recorded a \$26.4 million loss on the extinguishment of debt.

Investment results, reported in the caption “Miscellaneous, net” in our 2008 results of operations from continuing operations before income tax and minority interest, include realized gains of \$6.8 million from the sale of certain investments in the second quarter of 2008.

**2007** – A majority of our newspapers offered voluntary separation plans to eligible employees during 2007. In connection with the acceptance of the offer by 137 employees, we accrued severance related costs of \$8.9 million in the second quarter of 2007.

### **2. SEGMENT INFORMATION**

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

Our newspaper business segment includes daily and community newspapers in 15 markets in the U.S. Newspapers earn revenue primarily from the sale of advertising to local and national advertisers and from the sale of newspapers to readers.

JOAs and newspaper partnerships include a newspaper that is operated pursuant to the terms of joint operating agreement. The newspaper in the JOA maintains an independent editorial operation and receives a share of the operating profits of the combined newspaper operations. This segment also includes newspaper partnerships. We account for our share of the earnings of our JOA and newspaper partnerships using the equity method of accounting. Our equity in earnings of our JOA and newspaper partnerships is included in “Equity in earnings of JOAs and other joint ventures” in our results from operations. When we ceased the publication of our Albuquerque newspaper our investment became a passive investment and the equity earnings are no longer included in segment profit from 2008 forward.

Television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent station. Our television stations reach approximately 10% of the nation’s television households. Television stations earn revenue primarily from the sale of advertising to local and national advertisers.

Licensing and other media aggregates our operating segments that are too small to report separately, and primarily includes syndication and licensing of news features and comics.

In addition, certain corporate costs and expenses, including information technology, pensions and other employee benefits, and other shared services, are allocated to our business segments. The allocations are generally amounts agreed upon by management, which may differ from amounts that would be incurred if such services were purchased separately by the business segment. Corporate assets are primarily cash, cash equivalents and other short-term investments, property and equipment primarily used for corporate purposes, and deferred income taxes.

Our chief operating decision maker (as defined by SFAS 131 – Segment Reporting) evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure we call segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities (including our proportionate share of JOA 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.

Information regarding our business segments is as follows:

(in thousands)	Three months ended			Years ended		
	2008	December 31, 2007	Change	2008	December 31, 2007	Change
<b>Segment operating revenues:</b>						
Newspapers	\$ 137,532	\$ 164,632	(16.5)%	\$ 568,667	\$ 658,327	(13.6)%
JOAs and newspaper partnerships		49		133	225	(40.9)%
Television	93,402	91,516	2.1 %	326,860	325,841	0.3 %
Licensing and other media	30,893	25,655	20.4 %	102,538	93,633	9.5 %
Corporate	3,099	456		3,594	1,520	
<b>Total operating revenues</b>	<b>\$ 264,926</b>	<b>\$ 282,308</b>	<b>(6.2)%</b>	<b>\$ 1,001,792</b>	<b>\$ 1,079,546</b>	<b>(7.2)%</b>
<b>Segment profit (loss):</b>						
Newspapers	\$ 12,850	\$ 37,267	(65.5)%	\$ 71,475	\$ 135,870	(47.4)%
JOAs and newspaper partnerships	(8,385)	3,539		(15,606)	(1,235)	
Television	31,148	30,743	1.3 %	80,589	83,860	(3.9)%
Licensing and other media	4,349	3,185	36.5 %	10,437	8,982	16.2 %
Corporate	(6,753)	(13,877)	(51.3)%	(42,208)	(59,480)	(29.0)%
Depreciation and amortization of intangibles	(12,402)	(11,406)	8.7 %	(46,972)	(44,705)	5.1 %
Impairment of goodwill, indefinite and long-lived assets	(31,036)			(809,936)		
Investment in newspaper partnership	690			4,143		
Gains on disposal of property, plant and equipment	3,565	280		5,809	24	
Interest expense		(7,998)		(10,941)	(37,121)	(70.5)%
Separation costs	(1,877)			(33,506)	(257)	
Write-down of investment in newspaper partnerships	(10,876)			(130,784)		
Loss on repurchases of debt				(26,380)		
Miscellaneous, net	(642)	2,953		6,888	17,148	(59.8)%
<b>Income (loss) from continuing operations before income taxes and minority interests</b>	<b>\$ (19,369)</b>	<b>\$ 44,686</b>		<b>\$ (936,992)</b>	<b>\$ 103,086</b>	

Certain items required to reconcile segment profitability to consolidated results of operations determined in accordance with accounting principles generally accepted in the United States of America are attributed to particular business segments. Significant reconciling items attributable to each business segment are as follows:

(in thousands)	Three months ended December 31,		Years ended December 31,	
	2008	2007	2008	2007
<b>Depreciation:</b>				
Newspapers	\$ 5,578	\$ 5,578	\$ 21,905	\$ 22,273
JOAs and newspaper partnerships	321	330	1,290	1,320
Television	5,132	4,232	19,057	16,939
Licensing and other media	309	119	787	475
Corporate	253	340	713	608
<b>Total depreciation</b>	<b>\$ 11,593</b>	<b>\$ 10,599</b>	<b>\$ 43,752</b>	<b>\$ 41,615</b>
<b>Amortization of intangibles:</b>				
Newspapers	\$ 525	\$ 522	\$ 2,088	\$ 1,961
Television	284	285	1,132	1,129
<b>Total amortization of intangibles</b>	<b>\$ 809</b>	<b>\$ 807</b>	<b>\$ 3,220</b>	<b>\$ 3,090</b>
<b>Gains (losses) on disposal of property, plant and equipment:</b>				
Newspapers	\$ (82)	\$ (65)	\$ (91)	\$ (145)
JOAs and newspaper partnerships	1		(32)	(1)
Television	3,687	378	6,088	225
Corporate	(41)	(33)	(156)	(55)
<b>Gains (losses) on disposal of property, plant and equipment</b>	<b>\$ 3,565</b>	<b>\$ 280</b>	<b>\$ 5,809</b>	<b>\$ 24</b>

The following is segment operating revenue for newspapers:

(in thousands)	Three months ended December 31,			Years ended December 31,		
	2008	2007	Change	2008	2007	Change
<b>Segment operating revenues:</b>						
Local	\$ 32,099	\$ 37,787	(15.1)%	\$ 124,074	\$ 142,431	(12.9)%
Classified	27,738	40,332	(31.2)%	141,655	187,475	(24.4)%
National	7,487	9,134	(18.0)%	28,086	34,927	(19.6)%
Online	7,969	9,169	(13.1)%	36,768	40,085	(8.3)%
Preprint and other	29,497	34,200	(13.8)%	106,908	116,647	(8.3)%
Newspaper advertising	104,790	130,622	(19.8)%	437,491	521,565	(16.1)%
Circulation	28,319	29,476	(3.9)%	113,398	118,696	(4.5)%
Other	4,423	4,534	(2.4)%	17,778	18,066	(1.6)%
<b>Total operating revenues</b>	<b>\$ 137,532</b>	<b>\$ 164,632</b>	<b>(16.5)%</b>	<b>\$ 568,667</b>	<b>\$ 658,327</b>	<b>(13.6)%</b>

The following is segment operating revenue for television:

(in thousands)	Three months ended December 31,			Years ended December 31,		
	2008	2007	Change	2008	2007	Change
Segment operating revenues:						
Local	\$ 41,546	\$ 56,824	(26.9)%	\$ 180,065	\$ 204,791	(12.1)%
National	20,759	28,407	(26.9)%	86,252	101,002	(14.6)%
Political	26,044	1,337		41,012	2,735	
Network compensation	1,922	1,825	5.3 %	7,792	7,431	4.9 %
Other	3,131	3,123	0.3 %	11,739	9,882	18.8 %
<b>Total operating revenues</b>	<b>\$ 93,402</b>	<b>\$ 91,516</b>	<b>2.1 %</b>	<b>\$ 326,860</b>	<b>\$ 325,841</b>	<b>0.3 %</b>

### 3. JOINT OPERATING AGREEMENT AND NEWSPAPER PARTNERSHIPS

Financial information related to our JOA and newspaper partnerships is as follows:

(in thousands)	Three months ended December 31,			Years ended December 31,		
	2008	2007	Change	2008	2007	Change
Equity in earnings of JOAs and newspaper partnerships:						
Denver	\$	\$ 9,200		\$ 9,530	\$ 19,426	(50.9)%
Albuquerque		2,390			9,773	
Colorado	51	(607)		122	(1,188)	
Other newspaper partnerships and joint ventures					(323)	
Total equity in earnings of JOAs	51	10,983		9,652	27,688	(65.1)%
Operating revenues of JOAs and newspaper partnerships		49		133	225	(40.9)%
Total	51	11,032		9,785	27,913	(64.9)%
JOA editorial costs and expenses	8,436	7,493	12.6 %	25,391	29,148	(12.9)%
Contribution to segment profit (loss)	\$ (8,385)	\$ 3,539		\$ (15,606)	\$ (1,235)	