

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(X) **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES AND EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2004

**OR**

       **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES AND 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  
(I.R.S. Employer  
Identification Number)

312 Walnut Street  
Cincinnati, Ohio  
(Address of principal executive offices)

45202  
(Zip Code)

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

Not Applicable

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes   X   No       

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes   X   No       

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of October 29, 2004 there were 126,330,865 of the Registrant's Class A Common Shares outstanding and 36,738,226 of the Registrant's Common Voting Shares outstanding.

INDEX TO THE E. W. SCRIPPS COMPANY

REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2004

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## **PART I**

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

### **ITEM 1. FINANCIAL STATEMENTS**

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

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

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

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

### **ITEM 4. CONTROLS AND PROCEDURES**

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

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## **PART II**

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### **ITEM 1. LEGAL PROCEEDINGS**

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

### **ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS**

There were no changes in the rights of security holders during the quarter for which this report is filed.

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

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

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

#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders during the quarter for which this report is filed.

#### **ITEM 5. OTHER INFORMATION**

None.

#### **ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

##### **Exhibits**

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

##### **Reports on Form 8-K**

A Current Report on Form 8-K reporting the release of information regarding the results of operations for the quarter ended June 30, 2004, was filed on July 15, 2004.

A Current Report on Form 8-K reporting the Common Voting shareholders approved an amendment to the Articles of Incorporation increasing the number of authorized shares was filed on July 21, 2004.

A Current Report on Form 8-K reporting that our existing Competitive Advance and Revolving Credit Facilities had been replaced with a \$450 million facility expiring in July 2009 was filed on August 2, 2004.

A Current Report on Form 8-K reporting the Board of Directors authorized a 2-for-1 stock split and declared a quarterly dividend was filed on August 2, 2004.

A Current Report on Form 8-K reporting the release of information regarding our consolidated revenue for the month ended July 31, 2004 and updating guidance previously provided in our second quarter earnings release dated July 15, 2004 and in our report on Form 10-Q for the quarter ended June 30, 2004, was filed on August 11, 2004.

A Current Report on Form 8-K reporting that the number of shares to be sold by the Scripps Trust has been increased from 6 million to 12 million as a result of the 2-for-1 stock split was filed on September 13, 2004.

A Current Report on Form 8-K reporting the release of information regarding our consolidated revenue for the month ended August 31, 2004, was filed on September 13, 2004.

A Current Report on Form 8-K reporting the release of information that, effective December 31, 2004, Alan M. Horton, Senior Vice President / Newspapers, and Stephen W. Sullivan, Vice President / Newspaper Operations, will retire and that Richard A. Boehne, Executive Vice President of Scripps, will be responsible for the day-to-day management of the newspaper division, was filed on October 8, 2004.

A Current Report on Form 8-K reporting that we have reached a definitive agreement to acquire the Great American Country network, was filed on October 13, 2004.

A Current Report on Form 8-K reporting the release of information regarding the results of operation for the quarter ended September 30, 2004, was filed on October 14, 2004.

## **SIGNATURES**

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Pursuant to the requirements of the Securities and 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: November 1, 2004

BY: /s/ Joseph G. NeCastro

Joseph G. NeCastro

Senior Vice President and Chief Financial Officer

## **THE E. W. SCRIPPS COMPANY**

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# **CONSOLIDATED BALANCE SHEETS**

( in thousands )

	September 30, 2004 ( Unaudited )	As of December 31, 2003	September 30, 2003 ( Unaudited )
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 14,738	\$ 18,227	\$ 20,222
Short-term investments	4,000		
Accounts and notes receivable (less allowances - \$17,804, \$14,852, \$18,730)	333,738	336,681	271,930
Programs and program licenses	145,909	120,721	118,189
Inventories	32,193	29,946	29,589
Deferred income taxes	22,596	25,264	20,700
Miscellaneous	33,383	16,749	16,799
Total current assets	586,557	547,588	477,429
Investments	236,307	261,655	257,687
Property, plant and equipment	496,226	478,462	470,316
Goodwill and other intangible assets:			
Goodwill	1,230,622	1,174,431	1,173,994
Other intangible assets	242,814	63,289	65,445
Total goodwill and other intangible assets	1,473,436	1,237,720	1,239,439
Other assets:			
Programs and program licenses (less current portion)	163,972	166,673	168,254
Unamortized network distribution incentives	204,433	221,622	196,767
Note receivable from Summit America		44,750	44,375
Prepaid pension	36,349	14,849	8,783
Miscellaneous	35,953	34,483	18,753
Total other assets	440,707	482,377	436,932
<b>TOTAL ASSETS</b>	<b>\$ 3,233,233</b>	<b>\$ 3,007,802</b>	<b>\$ 2,881,803</b>

See notes to consolidated financial statements.

# **CONSOLIDATED BALANCE SHEETS**

( in thousands, except share data )

	September 30, 2004 ( Unaudited )	As of December 31, 2003	September 30, 2003 ( Unaudited )
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 100,372	\$ 73,730	\$ 70,667
Customer deposits and unearned revenue	49,584	53,596	47,771
Accrued liabilities:			
Employee compensation and benefits	64,740	62,674	56,731
Network distribution incentives	43,663	53,275	49,601
Miscellaneous	64,844	63,975	68,968
Other current liabilities	25,119	24,909	22,323
Total current liabilities	348,322	332,159	316,061
Deferred income taxes	231,234	192,418	177,693
Long-term debt (less current portion)	492,135	509,117	550,692
Other liabilities and minority interests (less current portion)	145,221	151,577	131,619
Shareholders' 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: 126,359,198, 125,197,894; and 124,723,896 shares	1,264	1,252	1,247
Voting - authorized: 60,000,000 shares; issued and outstanding: 36,738,226 shares	367	367	367
Total	1,631	1,619	1,614
Additional paid-in capital	319,687	277,569	261,532
Retained earnings	1,712,263	1,546,522	1,457,125
Accumulated other comprehensive income (loss), net of income taxes:			
Unrealized gains (losses) on securities available for sale	3,656	15,439	13,541
Pension liability adjustments	(14,713)	(14,713)	(22,650)
Foreign currency translation adjustment	932	989	760
Unvested restricted stock awards	(7,135)	(4,894)	(6,184)
Total shareholders' equity	2,016,321	1,822,531	1,705,738
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,233,233</b>	<b>\$ 3,007,802</b>	<b>\$ 2,881,803</b>

See notes to consolidated financial statements.



**CONSOLIDATED STATEMENTS OF INCOME ( UNAUDITED )***( in thousands, except per share data )*

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
<b>Operating Revenues:</b>				
Advertising	\$ 338,632	\$ 295,617	\$ 1,056,184	\$ 921,287
Merchandise	61,307	55,619	195,423	165,545
Network affiliate fees, net	37,073	23,490	104,504	69,047
Circulation	30,783	32,344	98,135	101,600
Licensing	17,209	18,652	59,805	59,201
Other	14,788	14,759	46,713	43,841
<b>Total operating revenues</b>	<b>499,792</b>	<b>440,481</b>	<b>1,560,764</b>	<b>1,360,521</b>
<b>Costs and Expenses:</b>				
Employee compensation and benefits (exclusive of JOA editorial compensation costs)	137,022	126,643	412,904	382,076
Programs and program licenses	57,259	46,047	158,602	129,364
Costs of merchandise sold	41,967	38,421	131,878	114,685
Newsprint and ink	18,615	17,473	58,476	53,347
JOA editorial costs and expenses	8,977	9,253	28,328	27,634
Other costs and expenses	131,115	111,231	406,066	351,835
<b>Total costs and expenses</b>	<b>394,955</b>	<b>349,068</b>	<b>1,196,254</b>	<b>1,058,941</b>
<b>Depreciation, Amortization, and (Gains) Losses:</b>				
Depreciation	16,744	16,021	47,300	46,785
Amortization of intangible assets	1,035	1,135	2,510	3,463
Gain on sale of production facility			(11,148)	
<b>Net depreciation, amortization and (gains) losses</b>	<b>17,779</b>	<b>17,156</b>	<b>38,662</b>	<b>50,248</b>
Operating income	87,058	74,257	325,848	251,332
Interest expense	(7,149)	(7,944)	(22,816)	(23,779)
Equity in earnings of JOAs and other joint ventures	22,341	20,830	59,216	60,894
Interest and dividend income	118	1,201	1,648	3,845
Other investment results, net of expenses			14,674	(3,200)
Miscellaneous, net	121	(340)	124	(299)
<b>Income before income taxes and minority interests</b>	<b>102,489</b>	<b>88,004</b>	<b>378,694</b>	<b>288,793</b>
<b>Provision for income taxes</b>	<b>37,623</b>	<b>33,841</b>	<b>136,982</b>	<b>113,021</b>
<b>Income before minority interests</b>	<b>64,866</b>	<b>54,163</b>	<b>241,712</b>	<b>175,772</b>
<b>Minority interests</b>	<b>9,272</b>	<b>2,304</b>	<b>29,175</b>	<b>6,491</b>
<b>Net income</b>	<b>\$ 55,594</b>	<b>\$ 51,859</b>	<b>\$ 212,537</b>	<b>\$ 169,281</b>
<b>Net income per share of common stock:</b>				
Basic	\$ .34	\$ .32	\$ 1.31	\$ 1.06
Diluted	.34	.32	1.29	1.04

*See notes to consolidated financial statements.*

# **CONSOLIDATED STATEMENTS OF CASH FLOWS ( UNAUDITED )**

( in thousands )

Nine months ended  
September 30,  
2004 2003

## **Cash Flows from Operating Activities:**

Net income	\$	212,537	\$	169,281
Adjustments to reconcile net income				
to net cash flows from operating activities:				
Depreciation and amortization		49,810		50,248
Gain on sale of production facility, net of deferred income tax		(7,773)		
Investment gains, net of deferred income tax		(9,695)		2,080
Other effects of deferred income taxes		22,494		37,766
Tax benefits of stock compensation plans		10,758		9,737
Dividends received greater than equity in earnings				
of JOAs and other joint ventures		5,539		13,363
Stock and deferred compensation plans		6,944		8,028
Minority interests in income of subsidiary companies		29,175		6,491
Affiliate fees billed greater than amounts recognized as revenue		17,259		9,167
Network launch incentive payments		(32,367)		(24,612)
Payments for programming less (greater) than program cost amortization		(16,111)		(26,389)
Other changes in certain working capital accounts, net		(27,064)		(1,165)
Miscellaneous, net		2,164		2,921
Net operating activities		263,670		256,916

## **Cash Flows from Investing Activities:**

Purchase of subsidiary companies and long-term investments		(180,957)		(4,728)
Additions to property, plant and equipment		(56,604)		(59,420)
Decrease (increase) in short-term investments		(4,000)		
Sale of long-term investments		14,223		
Proceeds from sale of production facility		3,000		
Miscellaneous, net		367		3,619
Net investing activities		(223,971)		(60,529)

## **Cash Flows from Financing Activities:**

Increase in long-term debt				50,000
Payments on long-term debt		(16,871)		(225,409)
Dividends paid		(46,796)		(36,183)
Dividends paid to minority interests		(1,091)		(1,083)
Miscellaneous, net (primarily employee stock options)		21,570		21,002
Net financing activities		(43,188)		(191,673)

Increase (decrease) in cash and cash equivalents (3,489) 4,714

Cash and cash equivalents:

Beginning of year 18,227 15,508

End of period \$ 14,738 \$ 20,222

## **Supplemental Cash Flow Disclosures:**

Interest paid, excluding amounts capitalized	\$	23,011	\$	23,392
Income taxes paid		120,091		53,386

## **Non-Cash Transactions:**

Assumption of Summit America note and preferred stock obligations 48,424

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
AND SHAREHOLDERS' EQUITY ( UNAUDITED )**

( in thousands, except share data )

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unvested Restricted Stock Awards	Total Shareholders' Equity	Comprehensive Income for the Three Months Ended Sept. 30
As of December 31, 2002	\$ 1,601	\$ 217,823	\$ 1,324,027	\$ (23,396)	\$ (4,590)	\$ 1,515,465	
Comprehensive income:							
Net income			169,281			169,281	\$ 51,859
Unrealized gains (losses), net of tax of \$7,798 and \$4,821				14,483		14,483	8,953
Adjustment for losses (gains) in income, net of tax of \$2 and (\$11)				3		3	(21)
Change in unrealized gains (losses)				14,486		14,486	8,932
Currency translation, net of tax of \$303 and \$3				561		561	300
Total			169,281	15,047		184,328	\$ 61,091
Dividends: declared and paid - \$.225 per share			(36,183)			(36,183)	
Compensation plans, net: 1,506,618 shares issued; 112,764 shares repurchased; 6,400 shares forfeited	13	33,972			(1,594)	32,391	
Tax benefits of compensation plans		9,737				9,737	
As of September 30, 2003	\$ 1,614	\$ 261,532	\$ 1,457,125	\$ (8,349)	\$ (6,184)	\$ 1,705,738	
As of December 31, 2003	\$ 1,619	\$ 277,569	\$ 1,546,522	\$ 1,715	\$ (4,894)	\$ 1,822,531	
Comprehensive income:							
Net income			212,537			212,537	\$ 55,594
Unrealized gains (losses), net of tax of (\$1,732) and (\$1,370)				(3,220)		(3,220)	(2,545)
Adjustment for losses (gains) in income, net of tax of (\$4,611) and (\$38)				(8,563)		(8,563)	(71)
Change in unrealized gains (losses)				(11,783)		(11,783)	(2,616)
Currency translation, net of tax of \$105 and \$211				(57)		(57)	285
Total			212,537	(11,840)		200,697	\$ 53,263
Dividends: declared and paid - \$.2875 per share			(46,796)			(46,796)	
Compensation plans, net: 1,231,718 shares issued; 70,414 shares repurchased	12	31,360			(2,241)	29,131	
Tax benefits of compensation plans		10,758				10,758	
As of September 30, 2004	\$ 1,631	\$ 319,687	\$ 1,712,263	\$ (10,125)	\$ (7,135)	\$ 2,016,321	

See notes to consolidated financial statements.

## **CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The information disclosed in the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003, has not changed materially. Financial information as of December 31, 2003, included in these financial statements has been derived from the audited consolidated financial statements included in that report. In management's opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

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

**Nature of Operations** - We are a diverse media concern with interests in newspaper publishing, national lifestyle television networks, broadcast television, television retailing, interactive media and licensing and syndication. All of our media businesses provide content and advertising services via the Internet. Our media businesses are organized into the following reportable business segments: Newspapers, Scripps Networks, Broadcast television and Shop At Home.

Our newspaper business segment includes daily and community newspapers in 18 markets in the U.S. Newspapers earn revenue primarily from the sale of advertising space to local and national advertisers and from the sale of newspapers to readers. Four of our newspapers are operated pursuant to the terms of joint operating agreements. See Note 6. Each of those newspapers maintains an independent editorial operation and receives a share of the operating profits of the combined newspaper operations. We solely manage and operate each of the other newspapers. Newspapers earn revenue primarily from the sale of advertising space to local and national advertisers and from the sale of newspapers to readers.

Scripps Networks includes our four national lifestyle television networks: Home & Garden Television ("HGTV"), Food Network, DIY - Do It Yourself Network ("DIY") and Fine Living. Scripps Networks also includes our 12% interest in FOX Sports Net South, a regional television network. We own approximately 70% of Food Network and approximately 90% of Fine Living. Each of our networks is distributed by cable and satellite television systems. Scripps Networks earns revenue primarily from the sale of advertising time and from affiliate fees from cable and satellite television systems.

Broadcast television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent. Each station is located in one of the 60 largest television markets in the U.S. Broadcast television stations earn revenue primarily from the sale of advertising time to local and national advertisers.

Shop At Home markets a range of consumer goods to television viewers and visitors to its Internet site. Shop At Home reaches approximately 51 million full-time equivalent households and can be viewed in more than 147 television markets, including 91 of the largest 100 television markets in the U.S. Shop At Home programming is distributed under the terms of affiliation agreements with broadcast television stations and cable and satellite television systems. In 2004, we acquired Summit America Television ("Summit America") which owned a minority interest in Shop At Home and owned and operated five television stations that exclusively broadcast Shop At Home programming. Substantially all of Shop At Home's revenues are earned from the sale of merchandise.

Financial information for each of our four business segments is presented in Note 16. 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.

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 a material effect on our financial position. Approximately 70% of our operating revenues are derived from advertising. Operating results can be affected by changes in the demand for advertising both nationally and in individual markets.

The six largest cable television systems and the two largest satellite television systems provide service to more than 90% of homes receiving HGTV and Food Network. The loss of distribution by any of these cable and satellite television systems could adversely affect our business. While no assurance can be given regarding renewal of our distribution contracts, we have not lost carriage upon the expiration of our distribution contracts with any of these cable and satellite television systems.

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

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the recognition of certain revenues; product returns and rebates due to customers; the periods over which long-lived assets are depreciated or amortized; the fair value of securities that do not trade in a public market; income taxes payable; estimates for uncollectible accounts receivable; the fair value of our inventories 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.

**Newspaper Joint Operating Agreements (“JOA”)** - We include our share of JOA earnings in “Equity in earnings of JOAs and other joint ventures” in our Consolidated Statements of Income. The related editorial costs and expenses are included in “JOA editorial costs and expenses.” Our residual interest in the net assets of the Denver and Albuquerque JOAs is classified as an investment in the Consolidated Balance Sheets. We do not have a residual interest in the net assets of the other JOAs.

**Stock Split** – On July 29, 2004, our Board of Directors authorized a two-for-one split of our shares of common stock in the form of a 100 percent stock dividend. As a result of the stock split, our shareholders received one additional share of our common stock for each share of common stock held at the close of business on August 31, 2004. All share and per share amounts in our consolidated financial statements and related notes have been retroactively adjusted to reflect the stock split for all periods presented.

**Stock-Based Compensation** - We have a stock-based compensation plan, which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2003. Options to purchase Class A Common shares (“stock options”) are granted under the plan with exercise prices not less than 100% of the fair market value on the date of the award. Awards of Class A Common shares (“restricted stock”) generally require no payment by the employee. Stock options and restricted stock generally vest over a three-year incentive period conditioned upon the individual’s continued employment through that period.

We measure compensation expense using the intrinsic-value based method of Accounting Principles Board Opinion 25 - Accounting for Stock Issued to Employees, and its related interpretations (collectively “APB 25”).

The grant-date fair value of time-vested restricted stock is amortized to expense over the vesting period. Cliff vested restricted stock is amortized on a straight-line basis over the vesting period and pro-rata vested restricted stock is amortized as each vesting period expires. Certain performance-vested restricted stock vests when the market price of our Class A Common shares reaches certain targets. Compensation expense for those awards is based upon the fair value of the shares on that date and is recognized in full when the awards vest.

The fair value of options granted, using the Black-Scholes model and the following assumptions, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Weighted-average fair value of options granted	\$12.38	\$11.34	\$11.86	\$10.99
Assumptions used to determine fair value:				
Dividend yield	0.8%	0.8%	0.8%	0.8%
Expected volatility	18.7%	22.0%	19.5%	22.0%
Risk-free rate of return	3.8%	3.8%	3.5%	3.8%
Expected life of options	6.5 years	7 years	6.5 years	7 years

The following table illustrates the effect on net income and earnings per share if we had applied the fair value recognition provisions of Financial Accounting Standard No. ("FAS") 123 - Accounting for Stock-Based Compensation, as amended by FAS 148 - Accounting for Stock-Based Compensation - Transition and Disclosure, to all stock-based employee compensation for the periods covered in this report:

( in thousands, except per share data )		Three months ended September 30,		Nine months ended September 30,	
		2004	2003	2004	2003
Net income as reported	\$	55,594	\$ 51,859	\$ 212,537	\$ 169,281
Add stock-based compensation included in reported income, net of related income tax effects:					
Restricted stock		1,055	2,049	2,774	3,324
Deduct stock-based compensation determined under fair value based method, net of related income tax effects:					
Restricted stock		(1,055)	(2,049)	(2,774)	(3,324)
Stock option grants		(4,108)	(3,973)	(11,835)	(11,401)
Stock option modifications		(164)		(1,215)	
Pro forma net income	\$	51,322	\$ 47,886	\$ 199,487	\$ 157,880
Net income per share of common stock					
Basic earnings per share:					
As reported		\$0.34	\$0.32	\$1.31	\$1.06
Additional stock-based compensation, net of income tax effects		(0.03)	(0.02)	(0.08)	(0.07)
Pro forma basic earnings per share		\$0.32	\$0.30	\$1.23	\$0.98
Diluted earnings per share:					
As reported		\$0.34	\$0.32	\$1.29	\$1.04
Additional stock-based compensation, net of income tax effects		(0.03)	(0.02)	(0.08)	(0.07)
Pro forma diluted earnings per share		\$0.31	\$0.29	\$1.21	\$0.97

*Net income per share amounts may not foot since each is calculated independently.*

On April 14, 2004, shareholders approved amendments to the 1997 Long-Term Incentive Plan (the "Plan") that, among other things: (a) extended the term of the Plan to June 1, 2014 and (b) modified provisions with respect to vesting and the term of outstanding stock options when employment is terminated due to death, disability or "change in control." Under the prior Plan provisions, stock options held by an employee whose employment was terminated due to death or disability were immediately vested with the exception of stock options granted less than one year prior to the termination of employment. The employee forfeited any stock options granted less than one year prior to termination of employment due to death or disability. Vested stock options granted prior to 1999 were exercisable for the lesser of one year or the remaining terms of the stock options, while vested stock options granted after 1998 were exercisable for the remaining terms of the stock options. The amended and restated Plan provides that all stock options held by an employee will immediately vest upon termination of employment due to death or disability and those stock options will remain exercisable for the remaining terms of the options.

The terms of approximately 3.4 million stock options, representing substantially all outstanding stock options granted after 1994 but before 1999, and from April 15, 2003, through April 14, 2004, were modified by the Plan amendments with respect to termination of employment due to death or disability. Because we are unable to estimate which employees, if any, will benefit from these modifications, the intrinsic-value based method of APB 25 requires us to record compensation expense for any such options that are held by an employee at the time their employment is terminated due to death or disability. Such compensation expense would be measured by the difference between the market price of our Class A Common Shares on the date of the modification and the exercise prices of the modified stock options held by the employee. No compensation expense would be recognized if such stock options were exercised or forfeited prior to termination of employment due to death or disability.

Under the terms of the prior Plan, a change in control of The E.W. Scripps Company resulted in immediate vesting of all stock options held by employees, while a change in control of a subsidiary or division thereof (“subsidiary”) alone did not trigger vesting of stock options held by employees of that subsidiary. Vested stock options held by employees of a subsidiary whose employment was terminated due to a change in control of that subsidiary were exercisable for a period of 90 days. The amended and restated plan provides that all stock options held by an employee of a subsidiary will vest and remain exercisable for the remaining terms of the stock options upon termination of employment due to a change in control of that subsidiary.

The Plan amendments with respect to termination of employment due to change in control modified the terms of approximately 4.6 million stock options held by employees of subsidiary companies. Approximately 1.4 million of those stock options were also modified by the plan amendments with respect to termination of employment due to death or disability. Because we are unable to estimate which employees may benefit from the Plan modifications, the intrinsic-value based method of APB 25 requires us to record compensation expense for any such stock options that are held by an employee of a subsidiary company at the time their employment is terminated due to a change in control of that subsidiary. Such compensation expense would be measured by the difference between the market price of our Class A Common Shares on the date of the modification and the exercise prices of the modified stock options held by the employee. No compensation expense would be recognized if such options were exercised or forfeited prior to termination of employment due to a change in control.

While we measure compensation expense in our financial statements using the intrinsic-value based method of APB 25, we must also report pro forma net income and earnings per share assuming we had used the fair-value based methods of FAS 123. Both the amount of compensation expense and the timing of recognition of compensation expense resulting from the Plan modifications is different if fair-value based methods are used instead of intrinsic-value based methods. Under the fair-value based method, Plan modifications are accounted for as the retirement of the outstanding stock options and the issuance of new stock options at the modification date. The fair value of the modified stock options exceeds the fair value of the stock options held as of the date of the modifications by approximately \$2.8 million. That compensation expense is recognized over the remaining vesting period of the stock options, or immediately for vested stock options. Included in the pro forma effects of stock option modifications in the preceding table is a \$0.9 million after-tax charge for modified vested options.

Under current Financial Accounting Standard Board proposals, we will be required to account for options using the fair value provisions of FAS 123, as amended, beginning in July of 2005. Compensation expense recognized after July of 2005 related to the Plan modifications will be based upon the fair-value based methods of FAS 123, as amended, rather than the intrinsic-value based methods of APB 25.

**Net Income Per Share** - The following table presents information about basic and diluted weighted-average shares outstanding:

( in thousands )	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Basic weighted-average shares outstanding	162,519	160,798	162,154	160,301
Effect of dilutive securities:				
Unvested restricted stock held by employees	353	416	353	348
Stock options held by employees and directors	2,315	1,996	2,399	1,974
Diluted weighted-average shares outstanding	165,187	163,210	164,906	162,623

**Reclassifications** - For comparative purposes, certain prior year amounts have been reclassified to conform to current classifications.

## **2. ACCOUNTING CHANGES AND RECENTLY ISSUED ACCOUNTING STANDARDS**

In 2003 we adopted FAS 132 (Revised) ("FAS 132-R") - Employer's Disclosure about Pensions and Other Postretirement Benefits. FAS 132-R retains disclosure requirements of the original FAS 132 and requires new disclosures in annual financial statements relating to plan assets, investment strategy, plan obligations, cash flows, and the components of net periodic benefit costs and requires certain disclosures to be included in interim financial statements. FAS 132-R also requires interim disclosure of the elements of net periodic benefit cost and the total amount of contributions paid or expected to be paid during the current fiscal year if significantly different from amounts previously disclosed. Additional disclosures regarding expected future benefit payments will become effective for fiscal years ending after June 15, 2004.

Effective June 30, 2004, we adopted Emerging Issues Task Force Issue ("EITF") No. 03-01 - The Meaning of Other-Than-Temporary Impairments and its Application to Certain Investments. An impairment is considered other than temporary unless positive evidence indicating that the carrying value of the investment is recoverable in a reasonable time outweighs negative evidence to the contrary. The EITF also requires cost-basis investments to be tested for impairment whenever an indication of impairment is present. Adoption of the EITF had no effect on our financial statements.

In September 2004, the Securities and Exchange Commission Staff ("SEC") made an announcement regarding the Use of the Residual Method to Value Acquired Assets Other than Goodwill ("Topic D-108"). The SEC concluded that the use of the residual method does not comply with the requirements of FASB Statement No. 141 - Business Combinations, and accordingly, should no longer be used. Instead, a direct value method should be used to determine the fair value of all intangible assets required to be recognized under Statement 141. For companies that have applied the residual value method to the valuation of intangible assets, including the use of the residual value method to test impairment of indefinite-lived intangible assets, Topic D-108 becomes effective in fiscal years beginning after December 15, 2004. We utilize the direct value method in determining the fair value of our intangible assets, accordingly adoption of the provisions of Topic D-108 will have no effect on our financial statements.

## **3. ACQUISITIONS**

**2004** - On April 14, 2004, we acquired Summit America. Summit America owned a 30% minority interest in Shop At Home and owned and operated five Shop At Home-affiliated broadcast television stations. The acquisition provided us with complete ownership of Shop At Home and secured distribution of the network in Summit America's television markets.

We paid \$4.05 in cash per fully-diluted outstanding share of Summit America common stock, or approximately \$180 million, which we financed through cash and short-term investments on hand and additional borrowings on our existing credit facilities. We also assumed Summit America's obligations to us under the \$47.5 million secured loans and the \$3 million in redeemable preferred stock extended to Summit America as part of the 2002 acquisition of the controlling interest in Shop At Home.

In the fourth quarter of 2004, we reached a definitive agreement to acquire the Great American Country ("GAC") network. We will pay approximately \$140 million in cash which we expect to finance through additional borrowings on our existing credit facilities. Assuming no unusual delays in receiving federal regulatory approvals, we expect the transaction will be completed in the fourth quarter of 2004. Acquiring GAC provides us with a recognized cable network brand that has secured distribution into 34 million homes.

**2003** - In the first quarter of 2003, we acquired an additional interest of less than one percent in our Memphis newspaper for \$3.5 million in cash.



The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed as of the dates of acquisition. The allocation of the purchase price to the Summit America assets and liabilities is based upon preliminary appraisals and estimates of the tax basis of the assets acquired, and is therefore subject to change.

( in thousands )	Nine months ended September 30,	
	2004	2003
Current assets	\$ 388	
Property, plant and equipment	8,360	
Indefinite-lived intangible assets	180,450	
Amortizable intangible assets	1,320	
Goodwill	56,191	\$ 2,885
Other assets	25	
Net operating loss carryforwards	31,008	
Total assets acquired	277,742	2,885
Current liabilities	(904)	
Deferred income taxes	(48,152)	
Obligations under notes receivable and redeemable preferred stock	(48,424)	
Minority interest retired		619
Cash paid	\$ 180,262	\$ 3,504

Results of operations of Summit America are included in our Consolidated Statements of Income from the date of acquisition. Pro forma results of operations, assuming the acquisition had been completed as of the beginning of each period are not presented because the combined results of operations would not be significantly different than the reported amounts.

#### 4. INVESTMENT RESULTS AND OTHER ITEMS

Reported results of operations include the following items which affect the comparability of year-over-year results.

**2004** – Third quarter and year-to-date operating results were affected by the impact of hurricanes at our Florida operations. Our Florida operations sustained wind and water damage and the hurricanes interrupted operations at our affected businesses and at certain of their customers, resulting in lost revenues. Estimated asset impairment losses and restoration costs incurred through September 30, 2004, totaled \$2.4 million, of which approximately \$1.1 million relates to the newspaper segment and \$1.3 million to the broadcast television segment. Net income was reduced by \$1.5 million, \$.01 per share. Additional restoration costs, which are not expected to be significant, will be expensed as incurred.

Our insurance program provides coverage for damage to property and interruption of business operations, including profit recovery and costs incurred to minimize the period and total cost of interruption. Business interruption losses through September 30, 2004, are estimated to be approximately \$3.7 million. Insurance recoveries from both property and business interruption losses are subject to an approximate \$1.0 million per occurrence, per location deductible. Insurance recoveries are recognized when they are probable of collection. We are currently in discussions with our insurance providers to assess the amount of the claim and the amount of the covered losses and accordingly, have not recorded any recovery of losses resulting from the hurricanes in our third quarter results of operations.

Year-to-date operating results include an \$11.1 million pre-tax gain on the sale of our Cincinnati television station's production facility to the City of Cincinnati. The gain on sale had previously been deferred while the station continued to use the facility until construction of a new production facility was complete. Net income was increased by \$7.0 million, \$.04 per share.

Year-to-date other investment results represent realized gains from the sale of certain investments, including Digital Theater Systems. Net income was increased by \$9.5 million, \$.06 per share.

**2003** - Year-to-date other investment results in 2003 were a pre-tax charge of \$3.2 million for write-downs associated with declines in value of certain investments in development-stage businesses. Other investment results reduced net income by \$2.1 million, \$.01 per share.

## 5. INCOME TAXES

Food Network is operated under the terms of a general partnership agreement. Fine Living and Shop At Home are limited liability companies ("LLC") and are treated as partnerships for tax purposes. As a result, federal and state income taxes for these "pass-through" entities accrue to the individual partners. Accordingly, our federal and state income tax returns include only our proportionate share of the taxable income or loss of pass-through entities. Our financial statements do not include any provision (benefit) for income taxes on the income (loss) of pass-through entities attributed to the non-controlling interests.

Consolidated income before income tax consisted of the following:

( in thousands )	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Income allocated to Scripps	\$ 93,896	\$ 86,367	\$ 351,496	\$ 283,097
Income of pass-through entities allocated to non-controlling interests	8,593	1,637	27,198	5,696
Income before income taxes	\$ 102,489	\$ 88,004	\$ 378,694	\$ 288,793

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

Information regarding our expected effective income tax rate for the full year of 2004 and the actual effective income tax rate for the full year of 2003 is as follows:

	2004	2003
Statutory rate	35.0 %	35.0 %
Effect of:		
State and local income taxes, net of federal income tax benefit	3.7	3.8
Income of pass-through entities allocated to non-controlling interests	(2.5)	(1.1)
Changes in estimates for prior year income taxes		(5.0)
Adjustment of state net operating loss carryforward valuation allowance		(1.4)
Miscellaneous	0.1	1.3
Effective income tax rate	36.3 %	32.6 %

The provision for income taxes consisted of the following:

( in thousands )	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Current:				
Federal	\$ 30	\$ 6,504	\$ 71,056	\$ 44,134
State and local	6,592	5,789	21,021	18,435
Foreign	619	1,125	3,583	4,069
Total	7,241	13,418	95,660	66,638
Tax benefits of compensation plans allocated to additional paid-in-capital	1,135	808	10,758	9,737
Total current income tax provision	8,376	14,226	106,418	76,375
Deferred:				
Federal	28,419	21,923	24,316	40,032
Other	(369)	2,505	10	4,717
Total	28,050	24,428	24,326	44,749
Deferred tax allocated to other comprehensive income	1,197	(4,813)	6,238	(8,103)
Total deferred income tax provision	29,247	19,615	30,564	36,646
Provision for income taxes	\$ 37,623	\$ 33,841	\$ 136,982	\$ 113,021

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

( in thousands )	September 30,		As of	
	2004	2003	December 31, 2003	September 30, 2003
Property, plant and equipment	\$ 45,906	\$ 37,340	\$ 54,591	
Goodwill and other intangible assets	199,870	161,348	139,609	
Network distribution incentives	5,702	11,553	10,291	
Investments, primarily gains and losses not yet recognized for tax purposes	39,083	8,750	5,676	
Accrued expenses not deductible until paid	(12,691)	(10,035)	(10,420)	
Deferred compensation and retiree benefits not deductible until paid	(16,023)	(23,919)	(29,718)	
Other temporary differences, net	(6,469)	(7,680)	(9,707)	
Total	255,378	177,357	160,322	
Tax basis capital loss carryforwards	(9,548)			
Federal net operating loss carryforwards	(27,503)			
State net operating loss carryforwards	(14,790)	(14,406)	(12,777)	
Valuation allowance for state deferred tax assets	5,101	4,203	9,448	
Net deferred tax liability	\$ 208,638	\$ 167,154	\$ 156,993	

Investment losses on our portfolio of investments in development-stage businesses were recognized for book purposes when it was determined the carrying values of the investment would not be recovered. For tax purposes such losses are generally recognized when the business ceases operations. Federal tax law provides that such losses may not be deducted from ordinary income, and that any losses in excess of capital gains can be carried forward for five years. At September 30, 2004, such capital loss carryforwards totaled \$25.4 million. We expect to generate sufficient capital gains to fully utilize the capital loss carryforwards prior to the expiration of the carryforward periods in 2009.

At the date of acquisition Summit America had federal net operating loss carryforwards totaling \$86.6 million which expire between 2020 and 2024. These federal net operating loss carryforwards totaled \$78.6 million at September 30, 2004. We expect to be able to fully utilize the carryforwards on our federal income tax returns.

At the date of acquisition Summit America had state tax loss carryforwards totaling \$45.3 million. Total state net operating loss carryforwards, including those of certain of our other subsidiary companies, were \$457 million at September 30, 2004. Our state tax loss carryforwards expire between 2004 and 2022. We generally file separate state income tax returns for each subsidiary company. Because separate state income tax returns are filed, we are not able to use state tax losses of a subsidiary company to offset state taxable income of another subsidiary company.

Federal and state carryforwards are recognized 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 these unused carryforwards is included in the valuation allowance.

## 6. JOINT OPERATING AGREEMENTS

Four of our newspapers are operated pursuant to the terms of joint operating agreements (“JOAs”). The Newspaper Preservation Act of 1970 provides a limited exemption from anti-trust laws, permitting competing newspapers in a market to combine their sales, production and business operations in order to reduce aggregate expenses and take advantage of economies of scale, thereby allowing the continuing operation of both newspapers in that market. Each newspaper in a JOA partnership maintains a separate and independent editorial operation.

The table below provides certain information about our JOAs.

<u>Newspaper</u>	<u>Publisher of Other Newspaper</u>	<u>Year JOA Entered Into</u>	<u>Year of JOA Expiration</u>
The Albuquerque Tribune	Journal Publishing Company	1933	2022
Birmingham Post-Herald	Newhouse Newspapers	1950	2015
The Cincinnati Post	Gannett Newspapers	1977	2007
Denver Rocky Mountain News	MediaNews Group, Inc.	2001	2051

The JOAs generally provide for renewals unless an advance termination notice ranging from two to five years is given to either party. Gannett Newspapers has notified us of its intent to terminate the Cincinnati JOA upon its expiration in 2007.

The combined sales, production and business operations of the newspapers are either jointly managed or are solely managed by one of the newspapers. The sales, production and business operations of the two Denver newspapers are operated by the Denver Newspaper Agency, a limited liability partnership (the “Denver JOA”). Each newspaper owns 50% of the Denver JOA and shares management of the combined newspaper operations. We have no management responsibilities for the combined operations of the other three JOAs.

The operating profits earned from the combined operations of the two newspapers are distributed to the partners in accordance with the terms of the joint operating agreement. We receive a 50% share of the Denver JOA profits and between 20% and 40% of the profits from the other three JOAs.

## 7. INVESTMENTS

Investments consisted of the following:

<i>( in thousands, except share data )</i>			
	September 30, 2004	As of December 31, 2003	September 30, 2003
Securities available for sale (at market value):			
Time Warner (2,017,000 common shares)	\$ 32,551	\$ 36,283	\$ 30,474
Digital Theater Systems (554,000 common shares)		13,690	15,791
Other available-for-sale securities	4,848	3,932	6,408
Total available-for-sale securities	37,399	53,905	52,673
Denver JOA	172,168	181,968	179,992
FOX Sports Net South and other joint ventures	17,801	13,302	10,670
Summit America preferred stock, at cost plus accrued dividends		3,240	3,195
Other equity securities	8,939	9,240	11,157
Total investments	\$ 236,307	\$ 261,655	\$ 257,687
Unrealized gains (losses) on securities available for sale	\$ 5,623	\$ 23,749	\$ 20,829
Note receivable from Summit America, at initial fair value plus accreted discount		\$ 44,750	\$ 44,375

Investments available for sale represent securities in publicly-traded companies. Investments available for sale are recorded at fair value. Fair value is based upon the closing price of the security on the reporting date. As of September 30, 2004, there were no unrealized losses on our available-for-sale securities. In the third quarter of 2003, Digital Theater Systems ("DTS") completed an initial public offering of its common stock. This investment had previously been included in the other equity securities category. We sold our investment in DTS during the first quarter of 2004. See Note 4.

Other equity securities include securities that do not trade in public markets, so they do not have readily determinable fair values. We estimate the fair values of the other securities approximate their carrying values at September 30, 2004, however, many of the investees have had no rounds of equity financing in recent years. There can be no assurance we would realize the carrying values of these securities upon their sale.

In connection with the October 2002 acquisition of the controlling interest in Shop At Home, we purchased \$3.0 million of Summit America 6.0% redeemable preferred stock. At Summit America's option, dividends were deferred until the mandatory redemption of the preferred stock in 2005. We also loaned Summit America \$47.5 million, to be repaid in 2005, at 6% interest. The note was recorded at fair value as of the date of acquisition of Shop At Home. The difference between the face value of the note and the fair value at the date of acquisition was accreted to income over the term of the note. In connection with our acquisition of Summit America, we agreed to assume Summit America's obligations to us under the note and redeemable preferred stock.

## 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

<i>( in thousands )</i>			
	September 30, 2004	As of December 31, 2003	September 30, 2003
Land and improvements	\$ 53,561	\$ 52,904	\$ 52,585
Buildings and improvements	276,678	249,116	262,218
Equipment	645,896	630,712	629,023
Total	976,135	932,732	943,826
Accumulated depreciation	479,909	454,270	473,510
Net property, plant and equipment	\$ 496,226	\$ 478,462	\$ 470,316

## 9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following:

( in thousands )			
	September 30, 2004	As of December 31, 2003	September 30, 2003
<b>Goodwill</b>	\$ 1,230,622	\$ 1,174,431	\$ 1,173,994
<b>Other intangible assets:</b>			
Amortizable intangible assets:			
Carrying amount:			
Acquired network distribution	5,887	4,757	23,308
Broadcast television network affiliation relationships	26,748		
Customer lists	5,450	5,753	5,753
Other	7,575	7,525	7,525
Total carrying amount	45,660	18,035	36,586
Accumulated amortization:			
Acquired network distribution	(3,868)	(2,822)	(20,722)
Customer lists	(3,139)	(2,651)	(2,413)
Other	(5,217)	(4,934)	(4,811)
Total accumulated amortization	(12,224)	(10,407)	(27,946)
Total amortizable intangible assets	33,436	7,628	8,640
Other indefinite-lived intangible assets:			
Broadcast television network affiliation relationships		26,748	26,748
FCC licenses	205,622	25,622	25,622
Other	3,587	3,122	2,872
Total other indefinite-lived intangible assets	209,209	55,492	55,242
Pension liability adjustments	169	169	1,563
Total other intangible assets	242,814	63,289	65,445
Total goodwill and other intangible assets	\$ 1,473,436	\$ 1,237,720	\$ 1,239,439

Broadcast television network affiliation relationships represent the value assigned to an acquired broadcast television station's relationship with a national television network. Broadcast 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. National network affiliation agreements are generally renewable upon the mutual decision of the broadcast television station and the network. Our affiliated broadcast television stations have always maintained affiliation with one of the primary national broadcast television networks. Accordingly, these assets were classified as indefinite-lived intangible assets upon adoption of FAS 142 on January 1, 2002.

In accordance with FAS 142, we perform an annual impairment review of our indefinite-lived intangible assets and also assess whether our indefinite-lived intangible assets continue to have indefinite lives. In the fourth quarter of 2004, we determined that our broadcast television network affiliation relationships no longer have indefinite lives. Beginning in the fourth quarter of 2004, broadcast television network affiliation relationships will be amortized on a straight-line basis over their 20 to 25 year useful lives.

Activity related to goodwill and other intangible assets by business segment was as follows:

( in thousands )												
	Newspapers		Scripps Networks		Broadcast Television		Shop At Home		Licensing and Other	Total		
<b>Goodwill:</b>												
Balance as of December 31, 2002	\$	780,825	\$	141,201	\$	219,367	\$	29,698	\$	18	\$	1,171,109
Memphis minority interest		2,885										2,885
Balance as of September 30, 2003	\$	783,710	\$	141,201	\$	219,367	\$	29,698	\$	18	\$	1,173,994
Balance as of December 31, 2003	\$	783,710	\$	141,201	\$	219,367	\$	30,135	\$	18	\$	1,174,431
Summit America acquisition							56,191					56,191
Balance as of September 30, 2004	\$	783,710	\$	141,201	\$	219,367	\$	86,326	\$	18	\$	1,230,622
<b>Amortizable intangible assets:</b>												
Balance as of December 31, 2002	\$	3,772	\$	3,337	\$	223	\$	3,668			\$	11,000
Additions		185				918						1,103
Amortization		(517)		(1,722)		(95)		(1,129)				(3,463)
Balance as of September 30, 2003	\$	3,440	\$	1,615	\$	1,046	\$	2,539			\$	8,640
Balance as of December 31, 2003	\$	3,333	\$	1,110	\$	999	\$	2,186			\$	7,628
Summit America acquisition							1,320					1,320
Reclassification from indefinite-lived intangible assets						26,748						26,748
Other additions		200				50						250
Amortization		(519)		(445)		(58)		(1,488)				(2,510)
Balance as of September 30, 2004	\$	3,014	\$	665	\$	27,739	\$	2,018			\$	33,436
<b>Other indefinite-lived intangible assets:</b>												
Balance as of December 31, 2002	\$	1,153	\$	659	\$	52,370	\$	1,050			\$	55,232
Additions				10								10
Balance as of September 30, 2003	\$	1,153	\$	669	\$	52,370	\$	1,050			\$	55,242
Balance as of December 31, 2003	\$	1,153	\$	919	\$	52,370	\$	1,050			\$	55,492
Summit America acquisition							180,450					180,450
Reclassification to amortizable intangible assets						(26,748)						(26,748)
Other additions		15										15
Balance as of September 30, 2004	\$	1,168	\$	919	\$	25,622	\$	181,500			\$	209,209

Amortizable intangible assets acquired in the Summit America acquisition include customer lists and network distribution relationships which are amortized over three years. Indefinite-lived assets acquired primarily consist of FCC licenses and trade and domain names. The allocation of the Summit America purchase price is based upon preliminary appraisals and estimates of the tax basis of the assets acquired and are subject to change.

Goodwill acquired in the Summit America acquisition was assigned to the Shop At Home business segment. Goodwill assigned in 2003 relates to the acquisition of minority interest in our Memphis newspaper. Goodwill acquired in these acquisitions is not expected to be deductible for income tax purposes.

Estimated amortization expense of intangible assets for each of the next five years, including amortization of broadcast television network affiliation relationships, is expected to be \$1.0 million for the remainder of 2004, \$3.1 million in 2005, \$2.1 million in 2006, \$1.7 million in 2007, \$1.6 million in 2008, \$1.5 million in 2009 and \$22.4 million in later years.



## 10. PROGRAMS AND PROGRAM LICENSES

Programs and program licenses consisted of the following:

<i>( in thousands )</i>			
	September 30, 2004	As of December 31, 2003	September 30, 2003
Cost of programs available for broadcast	\$ 780,098	\$ 681,079	\$ 632,497
Accumulated amortization	534,936	443,310	413,078
Total	245,162	237,769	219,419
Progress payments on programs not yet available for broadcast	64,719	49,625	67,024
Total programs and program licenses	\$ 309,881	\$ 287,394	\$ 286,443

In addition to the programs owned or licensed by us included in the table above, we have commitments to license certain programming that is not yet available for broadcast, including first-run syndicated programming. Such program licenses are recorded as assets when the programming is delivered to us and is available for broadcast. First-run syndicated programming is generally produced and delivered at or near its broadcast date. Such contracts may require progress payments or deposits prior to the program becoming available for broadcast. Remaining obligations under contracts to purchase or license programs not yet available for broadcast totaled approximately \$253 million at September 30, 2004. If the programs are not produced, our obligations would generally expire without obligation.

Progress payments on programs not yet available for broadcast and the cost of programs and program licenses capitalized totaled \$50.5 million in the third quarter of 2004 and \$44.3 million in the third quarter of 2003. Year to date progress payments and capitalized programs totaled \$153 million in 2004 and \$127 million in 2003.

Estimated amortization of recorded program assets and program commitments for each of the next five years is as follows:

<i>( in thousands )</i>			
	Programs Available for Broadcast	Programs Not Yet Available for Broadcast	Total
Remainder of 2004	\$ 36,079	\$ 17,500	\$ 53,579
2005	104,669	87,256	191,925
2006	59,037	73,132	132,169
2007	30,352	58,422	88,774
2008	13,039	47,839	60,878
2009	1,981	23,613	25,594
Later years	5	9,785	9,790
Total	\$ 245,162	\$ 317,547	\$ 562,709

Actual amortization in each of the next five years will exceed the amounts presented above as our broadcast television stations and our national networks will continue to produce and license additional programs.

## 11. UNAMORTIZED NETWORK DISTRIBUTION INCENTIVES

Unamortized network distribution incentives consisted of the following:

<i>( in thousands )</i>	September 30, 2004		As of December 31, 2003		September 30, 2003
Network launch incentives	\$	332,514	\$	332,876	\$ 305,709
Accumulated amortization		154,503		135,540	130,037
Net book value		178,011		197,336	175,672
Unbilled affiliate fees		26,422		24,286	21,095
Total unamortized network distribution incentives	\$	204,433	\$	221,622	\$ 196,767

We capitalized launch incentive payments in the third quarter totaling \$0.4 million in 2004 and \$5.6 million in 2003. Capitalized launch incentives were \$2.4 million year to date in 2004 and \$9.1 million year to date in 2003.

Amortization recorded as a reduction to affiliate fee revenue in the consolidated financial statements, and estimated amortization of recorded network launch incentives for each of the next five years, is presented below.

<i>( in thousands )</i>	Three months ended September 30, 2004		September 30, 2003		Nine months ended September 30, 2004		September 30, 2003	
Amortization of network launch incentives	\$	6,505	\$	6,969	\$	19,387	\$	19,184

Estimated amortization for the next five years is as follows:

Remainder of 2004	\$	8,403
2005		37,129
2006		33,148
2007		20,899
2008		22,697
2009		24,732
Later years		31,003
Total	\$	178,011

Actual amortization will be greater than the above amounts as additional incentive payments will be capitalized as we expand distribution of Scripps Networks.

## 12. LONG-TERM DEBT

Long-term debt consisted of the following:

<i>( in thousands )</i>			
	September 30, 2004	As of December 31, 2003	September 30, 2003
Variable-rate credit facilities, including commercial paper	\$ 40,434	\$ 50,187	\$ 88,552
\$100 million, 6.625% notes, due in 2007	99,957	99,946	99,942
\$50 million, 3.75% notes, due in 2008	50,000	50,000	50,000
\$100 million, 4.25% notes, due in 2009	99,503	99,430	99,406
\$200 million, 5.75% notes, due in 2012	199,028	198,934	198,903
Other notes	3,198	10,318	12,939
Total face value of long-term debt less discounts	492,120	508,815	549,742
Fair market value of interest rate swap	15	302	950
Total long-term debt	\$ 492,135	\$ 509,117	\$ 550,692

We have a Competitive Advance and Revolving Credit Facility expiring in July 2009 (the “Revolver”) and a commercial paper program that collectively permit aggregate borrowings up to \$450 million (the “Variable-Rate Credit Facilities”). Borrowings under the Revolver are available on a committed revolving credit basis at our choice of three short-term rates or through an auction procedure at the time of each borrowing. The Revolver is primarily used as credit support for our commercial paper program in lieu of direct borrowings under the Revolver. The weighted-average interest rate on borrowings under the Variable-Rate Credit Facilities was 1.9% at September 30, 2004, 1.1% at December 31, 2003, and 1.1% at September 30, 2003.

We have a U.S. shelf registration statement which allows us to borrow up to an additional \$450 million as of September 30, 2004.

We entered into a receive-fixed, pay-floating interest rate swap to achieve a desired proportion of fixed-rate versus variable-rate debt. The interest rate swap expires upon the maturity of the \$50 million, 3.75% notes in 2008, and effectively converts those fixed-rate notes into variable-rate borrowings. The variable interest rate was 2.1% at September 30, 2004, which was based on six-month LIBOR minus a rate spread. The swap agreement was designated as a fair-value hedge of the underlying fixed-rate notes. Accordingly, changes in the fair value of the interest rate swap agreement (due to movements in the benchmark interest rate) are recorded as adjustments to the carrying value of long-term debt with an offsetting adjustment to other non-current assets. The changes in the fair value of the interest rate swap agreements and the underlying fixed-rate obligation are recorded as equal and offsetting unrealized gains and losses in the Consolidated Statements of Income. We have structured the interest rate swap to be 100% effective. As a result, there is no current impact to earnings resulting from hedge ineffectiveness.

Certain long-term debt agreements contain maintenance requirements for net worth and coverage of interest expense and restrictions on incurrence of additional indebtedness. We were in compliance with all debt covenants.

Current maturities of long-term debt are classified as long-term to the extent they can be refinanced under existing long-term credit commitments.

### 13. OTHER LIABILITIES AND MINORITY INTERESTS

Other liabilities and minority interests consisted of the following:

<i>( in thousands )</i>			
	September 30, 2004	As of December 31, 2003	September 30, 2003
Program rights payable	\$ 37,955	\$ 30,758	\$ 36,377
Employee compensation and benefits	76,544	75,310	77,923
Network distribution incentives	47,227	76,668	51,754
Minority interests	60,539	32,460	25,737
Deferred gain on sale of WCPO production facility		7,649	7,649
Other	13,349	15,238	17,864
Total other liabilities and minority interests	235,614	238,083	217,304
Current portion of other liabilities	90,393	86,506	85,685
Other liabilities and minority interests (less current portion)	\$ 145,221	\$ 151,577	\$ 131,619

Minority interests include non-controlling interests of approximately 8% in the capital stock of the subsidiary companies that publish our Memphis and Evansville newspapers. The capital stock of these companies does not provide for or require the redemption of the non-controlling interests by us.

Non-controlling interests hold an approximate 10% residual interest in Fine Living. The minority owners of Fine Living have the right to require us to repurchase their interests. We have an option to acquire their interests. The minority owners will receive the fair market value for their interests at the time their option is exercised. The put and call options become exercisable at various dates through 2016. Put options on an approximate 6% non-controlling interest in Fine Living are currently exercisable. The remaining put options become exercisable in 2006.

Non-controlling interests hold an approximate 30% residual interest in Food Network. The Food Network general partnership agreement terminates on December 31, 2012, unless amended or extended prior to that date. Upon termination, the assets of the partnership are to be liquidated and distributed to the partners in proportion to their partnership interests.

In 2002, we sold our Cincinnati television station production facility to the City of Cincinnati for \$7.8 million in cash. The gain on the sale of the facility of \$7.6 million was deferred until our station relocated to its new production facility. Our station relocated to its new production facility in May 2004. A pre-tax gain of \$11.1 million, including incentive payments for relocating prior to June 1, 2004, was recognized in the second quarter of 2004. See Note 4.

## 14. SUPPLEMENTAL CASH FLOW INFORMATION

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

( in thousands )	Nine months ended September 30,	
	2004	2003
Other changes in certain working capital accounts, net:		
Accounts receivable	\$ 2,943	\$ 8,422
Prepaid and accrued pension expense	(21,500)	(18,918)
Inventories	(2,247)	(5,355)
Accounts payable	5,669	2,771
Accrued income taxes	(24,881)	10,070
Accrued employee compensation and benefits	2	(2,999)
Accrued interest	(277)	(475)
Other accrued liabilities	13,364	6,421
Other, net	(137)	(1,102)
Total	\$ (27,064)	\$ (1,165)

## 15. EMPLOYEE BENEFIT PLANS

We sponsor defined benefit pension plans that cover substantially all non-union and certain union-represented employees. Benefits are generally based upon the employee's compensation and years of service. We also sponsor a defined contribution plan that covers substantially all non-union and certain union employees. We match a portion of employee's voluntary contributions to this plan.

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.

Retirement plans expense is based on valuations performed by plan actuaries as of the beginning of each fiscal year. The components of the expense consisted of the following:

( in thousands )	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Service cost	\$ 5,356	\$ 4,667	\$ 15,218	\$ 13,191
Interest cost	6,099	5,656	17,845	16,462
Expected return on plan assets, net of expenses	(8,041)	(5,091)	(19,113)	(15,245)
Net amortization and deferral	147	1,836	3,390	4,648
Total for defined benefit plans	3,561	7,068	17,340	19,056
Multi-employer plans	174	98	413	341
Defined contribution plans	1,751	1,576	5,310	4,788
Total	\$ 5,486	\$ 8,742	\$ 23,063	\$ 24,185

For the year-to-date period of 2004, we made required contributions of \$3.1 million and voluntary contributions of \$34.3 million to our defined benefit plans. We do not anticipate contributing significant amounts to our defined benefit plans during the remainder of fiscal 2004.

## 16. 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. See Note 1.

The accounting policies of each of our business segments are those described in Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2003.

Each of our segments may provide advertising, programming or other services to our other business segments. 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 equivalent 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 FAS 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, divested operating units, restructuring activities, investment results and certain other items that are included in net income determined in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, we account for our share of the earnings of JOAs using the equity method of accounting. Our equity in earnings of JOAs is included in “Equity in earnings of JOAs and other joint ventures” in our Consolidated Statements of Income. Newspaper segment profits include equity in earnings of JOAs. Scripps Networks segment profits include equity in earnings of FOX Sports Net South and certain other joint ventures.

Information regarding our business segments follows:

( in thousands )	Three months ended		Nine months ended	
	September 30,		September 30,	
	2004	2003	2004	2003
<b>Segment operating revenues:</b>				
Newspapers managed solely by us	\$ 165,744	\$ 163,828	\$ 518,940	\$ 509,202
Newspapers operated pursuant to JOAs	54	56	171	174
Total newspapers	165,798	163,884	519,111	509,376
Scripps Networks	167,546	121,549	519,135	380,042
Broadcast television	80,693	72,257	243,730	221,300
Shop At Home	63,439	58,425	203,725	173,380
Licensing and other media	22,316	24,366	75,063	76,423
Total operating revenues	\$ 499,792	\$ 440,481	\$ 1,560,764	\$ 1,360,521
<b>Segment profit (loss):</b>				
Newspapers managed solely by us	\$ 45,040	\$ 52,069	\$ 149,206	\$ 165,363
Newspapers operated pursuant to JOAs	10,185	8,811	23,673	26,390
Total newspapers	55,225	60,880	172,879	191,753
Scripps Networks	63,552	40,277	213,392	137,821
Broadcast television	23,040	18,713	68,482	58,841
Shop At Home	(7,576)	(3,753)	(13,937)	(15,293)
Licensing and other media	3,085	4,489	11,716	12,977
Corporate	(10,148)	(8,363)	(28,806)	(23,625)
Total segment profit	127,178	112,243	423,726	362,474
Depreciation and amortization of intangibles	(17,779)	(17,156)	(49,810)	(50,248)
Gain on sale of production facility			11,148	
Interest expense	(7,149)	(7,944)	(22,816)	(23,779)
Interest and dividend income	118	1,201	1,648	3,845
Other investment results, net of expenses			14,674	(3,200)
Miscellaneous, net	121	(340)	124	(299)
Income before income taxes and minority interests	\$ 102,489	\$ 88,004	\$ 378,694	\$ 288,793
<b>Depreciation:</b>				
Newspapers managed solely by us	\$ 5,703	\$ 5,692	\$ 16,025	\$ 17,122
Newspapers operated pursuant to JOAs	303	324	897	966
Total newspapers	6,006	6,016	16,922	18,088
Scripps Networks	3,080	2,815	8,224	7,759
Broadcast television	4,981	4,889	14,480	14,568
Shop At Home	1,959	1,581	5,550	4,226
Licensing and other media	175	153	495	476
Corporate	543	567	1,629	1,668
Total depreciation	\$ 16,744	\$ 16,021	\$ 47,300	\$ 46,785
<b>Amortization of intangibles:</b>				
Newspapers managed solely by us	\$ 107	\$ 107	\$ 319	\$ 318
Newspapers operated pursuant to JOAs	66	67	200	200
Total newspapers	173	174	519	518
Scripps Networks	148	548	445	1,721
Broadcast television	21	32	58	95
Shop At Home	693	381	1,488	1,129
Total amortization of intangibles	\$ 1,035	\$ 1,135	\$ 2,510	\$ 3,463

( in thousands )	Three months ended		Nine months ended	
	September 30,		September 30,	
	2004	2003	2004	2003
<b>Additions to property, plant and equipment:</b>				
Newspapers managed solely by us	\$ 4,930	\$ 5,838	\$ 19,146	\$ 27,777
Newspapers operated pursuant to JOAs	194	217	532	415
Total newspapers	5,124	6,055	19,678	28,192
Scripps Networks	4,147	1,714	18,749	4,114
Broadcast television	2,647	10,107	11,967	22,048
Shop At Home	1,490	744	4,529	2,457
Licensing and other media	138	135	343	296
Corporate	770	1,117	1,338	2,313
Total additions to property, plant and equipment	\$ 14,316	\$ 19,872	\$ 56,604	\$ 59,420
<b>Business acquisitions and other additions to long-lived assets:</b>				
Newspapers managed solely by us		\$ 400		\$ 3,904
Newspapers operated pursuant to JOAs		40		120
Total newspapers		440		4,024
Scripps Networks	\$ 41,278	47,463	\$ 145,342	132,870
Broadcast television				918
Shop At Home			228,686	
Investments	27	170	615	704
Total	\$ 41,305	\$ 48,073	\$ 374,643	\$ 138,516
<b>Assets:</b>				
Newspapers managed solely by us			\$ 1,088,259	\$ 1,077,751
Newspapers operated pursuant to JOAs			189,321	198,121
Total newspapers			1,277,580	1,275,872
Scripps Networks			911,851	808,631
Broadcast television			494,229	485,214
Shop At Home			352,093	151,583
Licensing and other media			23,550	26,199
Investments			46,336	63,831
Corporate			127,594	70,473
Total assets			\$ 3,233,233	\$ 2,881,803

No single customer provides more than 10% of our revenue. International revenues are primarily derived from licensing comic characters and HGTV and Food Network programming in international markets. Licensing of comic characters in Japan provides approximately 50% of our international revenues, which are less than \$60 million annually.

Other additions to long-lived assets include investments, capitalized intangible assets and Scripps Networks capitalized programs and network launch incentives.



## 17. STOCK COMPENSATION PLANS

The following table presents information about stock options:

	Number of Shares	Weighted Average Exercise Price	Range of Exercise Prices
Options outstanding at December 31, 2002	9,680,068	\$27.20	\$8 - 39
Options granted during the period	2,227,400	40.04	40 - 44
Options exercised during the period	(1,125,016)	20.16	8 - 38
Options outstanding at September 30, 2003	10,782,452	\$30.58	\$8 - 44
Options outstanding at December 31, 2003	10,347,790	\$30.99	\$9 - 46
Options granted during the period	2,121,700	49.31	49 - 54
Options exercised during the period	(1,061,308)	24.03	9 - 42
Options forfeited during the period	(137,980)	34.62	17 - 52
Options outstanding at September 30, 2004	11,270,202	\$35.05	\$9 - 54

Substantially all options granted prior to 2002 are exercisable. Options generally become exercisable over a one-to-three-year period. Information about options outstanding and options exercisable by year of grant is as follows:

Year of Grant	Options Outstanding			Options Exercisable		
	Options on Shares Outstanding	Range of Exercise Prices	Weighted Average Exercise Price	Options on Shares Exercisable	Range of Exercise Prices	Weighted Average Exercise Price
1994 - expire in 2004	61,400	\$9 - 10	\$9.47	61,400	\$9 - 10	\$9.47
1996 - expire in 2006	26,000	13 - 14	13.13	26,000	13 - 14	13.13
1997 - expire in 2007	484,000	17 - 21	17.44	484,000	17 - 21	17.44
1998 - expire in 2008	642,500	20 - 27	23.64	642,500	20 - 27	23.64
1999 - expire in 2009	852,526	21 - 25	23.56	852,526	21 - 25	23.56
2000 - expire in 2010	1,335,632	22 - 30	24.72	1,335,632	22 - 30	24.72
2001 - expire in 2011	1,610,984	29 - 35	32.12	1,606,550	29 - 35	32.12
2002 - expire in 2012	1,984,108	36 - 39	37.66	1,316,409	36 - 39	37.68
2003 - expire in 2013	2,153,752	40 - 46	40.10	729,895	40 - 43	40.02
2004 - expire in 2014	2,119,300	49 - 54	49.31	110,000	52 - 53	52.91
Total options on number of shares	11,270,202	\$9 - 54	\$35.05	7,164,912	\$9 - 53	\$29.95

Information related to awards of Class A Common Shares is presented below:

	Number of Shares	Price at Award Dates Weighted Average	Range of Prices
Unvested shares at December 31, 2002	656,752	\$27.89	\$21 - 38
Shares awarded during the period	323,638	39.46	39 - 40
Shares vested during the period	(354,466)	26.32	21 - 38
Shares forfeited during the period	(6,400)	25.20	25 - 28
Unvested shares at September 30, 2003	619,524	\$35.10	\$22 - 40
Unvested shares at December 31, 2003	605,936	\$35.04	\$23 - 47
Shares awarded during the period	133,580	48.72	47 - 53
Shares vested during the period	(225,190)	32.94	23 - 53
Shares forfeited during the period	(4)	26.04	26
Unvested shares at September 30, 2004	514,322	\$39.61	\$23 - 53

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

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

### **FORWARD-LOOKING STATEMENTS**

This discussion and the information contained in the condensed notes to the consolidated financial statements contain certain forward-looking statements that are based 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' taste; newsprint prices; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words "believe," "expect," "anticipate," "estimate," "intend" and similar expressions identify forward-looking statements. All forward-looking statements, which are as of the date of this filing, should be evaluated with the understanding of their inherent uncertainty. We undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

### **EXECUTIVE OVERVIEW**

We are a diverse media concern with interests in newspapers, national television networks ("Scripps Networks"), broadcast television stations and television-retailing ("Shop At Home"). Scripps Networks includes four cable and satellite television programming services, Home & Garden Television ("HGTV"), Food Network, DIY – Do It Yourself Network ("DIY") and Fine Living. Our media businesses provide high quality news, information and entertainment content to readers and viewers.

We place the highest priority on allocating capital generated by our operations in order to create the most value for our shareholders. In order to create new businesses or acquire businesses that are expected to significantly increase shareholder value, we operate our core media businesses to maximize cash flow. We have used a portion of the cash produced by our newspapers and broadcast television stations to develop HGTV, DIY and Fine Living and to acquire Food Network and Shop At Home.

In our most recent Annual Report on Form 10-K, we outlined several of our current value-creation objectives including the continued development of our national network brands, integrating Shop At Home's management with that of Scripps Networks, strengthening the competitive positions of our strong local media franchises, and capitalizing on the growth opportunity of our joint operating agreement in the Denver market.

At Scripps Networks, we continue to invest in high quality, original programming, to undertake marketing campaigns designed to increase awareness of our national networks, and to expand distribution of DIY and Fine Living. In September 2004, HGTV's primetime viewership increased 15% compared with September 2003, averaging 750,000 viewers each night, while primetime viewership at Food Network was up 5% with a nightly average of 520,000 households according to A.C. Nielsen Company ("Nielsen") ratings. We also have begun developing original video content for the growing number of on-demand services and providing creative, short-form programming to keep pace with the growth of broadband internet services. DIY and Fine Living are not yet rated by Nielsen, however we estimate DIY reached an important distribution milestone during the third quarter, topping 30 million homes. Fine Living is available in 24 million households and can be seen in all of the country's top 50 markets. During the fourth quarter of 2004, we announced we have reached a definitive agreement to acquire the Great American Country network. The acquisition of GAC provides a widely recognized brand with immediate entry into 34 million households.

At Shop At Home, we continue to create a commerce platform that complements our portfolio of lifestyle networks, including migrating Scripps Networks talent to Shop At Home. In the third quarter of 2004, we announced a multi-year marketing and product-development agreement with Carol Duvall, an HGTV personality.

At our newspapers, a number of economic factors have continued to hold back profits, including higher newsprint and employee benefit costs. To maintain competitive positions in our newspapers markets, we have introduced a number of new product initiatives. Examples include new zoned sections in Memphis and a popular Spanish-language publication in

Ventura County. We are continuing to achieve significant increases in advertising revenues for these types of publications in hopes of offsetting some of the declines in traditional advertising revenue streams.

Third quarter and year-to-date operating results were also affected by the impact of hurricanes at our Florida newspaper and broadcast television operations. Our Florida operations sustained wind and water damage and the hurricanes interrupted operations at our affected businesses and at certain of their customers, resulting in lost revenues.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

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

Note 1 to the Consolidated Financial Statements included in our Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in estimates that are likely to occur could materially change the financial statements. We believe the accounting for Network Affiliate Fees, Investments, Income Taxes and Pension Plans to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies Section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2003. There have been no significant changes in those accounting policies.

## **RESULTS OF OPERATIONS**

The trends and underlying economic conditions affecting the operating performance and future prospects differ for each of our four business segments. Accordingly, we believe the following discussion of our consolidated results of operations should be read in conjunction with the discussion of the operating performance of our business segments that follows on pages F-31 through F-42.

**Consolidated Results of Operations** - Consolidated results of operations were as follows:

( in thousands )

	Quarter Period			Year-to-Date		
	2004	Change	2003	2004	Change	2003
Operating revenues	\$ 499,792	13.5 %	\$ 440,481	\$ 1,560,764	14.7 %	\$ 1,360,521
Costs and expenses	(394,955)	(13.1)%	(349,068)	(1,196,254)	(13.0)%	(1,058,941)
Depreciation and amortization of intangibles	(17,779)	(3.6)%	(17,156)	(49,810)	0.9 %	(50,248)
Gain on sale of production facility				11,148		
Operating income	87,058	17.2 %	74,257	325,848	29.6 %	251,332
Interest expense	(7,149)	10.0 %	(7,944)	(22,816)	4.0 %	(23,779)
Equity in earnings of JOAs and other joint ventures	22,341	7.3 %	20,830	59,216	(2.8)%	60,894
Interest and dividend income	118	(90.2)%	1,201	1,648	(57.1)%	3,845
Other investment results, net of expenses				14,674		(3,200)
Miscellaneous, net	121		(340)	124		(299)
Income before income taxes and minority interests	102,489	16.5 %	88,004	378,694	31.1 %	288,793
Provision for income taxes	37,623	11.2 %	33,841	136,982	21.2 %	113,021
Income before minority interests	64,866	19.8 %	54,163	241,712	37.5 %	175,772
Minority interests	9,272		2,304	29,175		6,491
Net income	\$ 55,594	7.2 %	\$ 51,859	\$ 212,537	25.6 %	\$ 169,281
Net income per diluted share of common stock	\$.34	6.3 %	\$.32	\$1.29	24.0 %	\$1.04

The increase in operating revenues was primarily attributed to the continued growth in advertising and network affiliate fee revenues at our national television networks, increases in merchandise sales at Shop At Home and the return of political advertising at our broadcast television stations. The growth in advertising revenues at Scripps Networks was primarily driven by increased viewership of our national networks. The growth in affiliate fee revenues at Scripps Networks is attributed to scheduled rate increases, wider distribution of our networks, and reaching several renewal agreements with cable television operators.

Increases in year-to-date cost and expenses were impacted by the expanded hours of original programming and costs to promote our national networks, increases in costs of merchandise sold at Shop At Home, increases in newsprint prices and increases in disability, pension and health costs provided to our employees.

Operating results include an \$11.1 million pre-tax gain on the sale of our Cincinnati television station's production facility to the City of Cincinnati. Net income was increased by \$7.0 million, \$.04 per share.

Third quarter and year-to-date operating results were affected by the impact of hurricanes at our Florida operations. Our Florida operations sustained wind and water damage and the hurricanes interrupted operations at our affected businesses and at certain of their customers, resulting in lost revenues. Estimated asset impairment losses and restoration costs incurred through September 30, 2004, totaled \$2.4 million. Net income was reduced by \$1.5 million, \$.01 per share. Our insurance program provides coverage for damage to property and interruption of business operations, including profit recovery and costs incurred to minimize the period and total cost of interruption. Business interruption losses through September 30, 2004, are estimated to be approximately \$3.7 million. See note 4 to our consolidated financial statements.

Interest expense in the third quarter and year-to-date periods decreased due to lower average debt levels. The average balance of all interest bearing obligations was \$511 million in the year-to-date period of 2004 compared with \$640 million in the year-to-date period of 2003 and \$516 million in the third quarter of 2004 compared with \$572 million in the third quarter of 2003.

Year-to-date equity in earnings of JOAs includes a \$2.5 million accrual the company recorded as a result of a court judgment involving The Birmingham News Co. Our newspaper, the Birmingham Post-Herald, is the minority, non-managing partner under a JOA with the Birmingham News Co.

Year-to-date other investment results represent realized gains from the sale of certain investments, including Digital Theater Systems. Net income was increased by \$9.5 million, \$.06 per share.

Information regarding our effective tax rate is as follows:

( in thousands )							
	2004	Quarter Period Change	2003	2004	Year-to-Date Change	2003	
Income before income taxes and minority interests as reported	\$ 102,489	16.5 %	\$ 88,004	\$ 378,694	31.1 %	\$ 288,793	
Income allocated to non-controlling interests	8,593		1,637	27,198		5,696	
Income allocated to Scripps	\$ 93,896		\$ 86,367	\$ 351,496		\$ 283,097	
Provision for income taxes	\$ 37,623	11.2 %	\$ 33,841	\$ 136,982	21.2 %	\$ 113,021	
Effective income tax rate as reported	36.7%		38.5%	36.2%		39.1%	
Effective income tax rate on income allocated to Scripps	40.1%		39.2%	39.0%		39.9%	

Our effective income tax rate is affected by the growing profitability of Food Network. Food Network is operated pursuant to the terms of a general partnership, in which we own an approximate 70% residual interest. Income taxes on partnership income accrue to the individual partners. While the income before income tax reported in our financial statements includes all of the income before tax of the partnership, our income tax provision does not include income taxes on the portion of Food Network income that is attributable to the non-controlling interest.

The income tax provision for interim periods is determined by applying the expected effective income tax rate for the full year to year-to-date income before income tax. Tax provisions are separately provided for certain discreet transactions in interim periods. To determine the annual effective income tax rate for the full year period we must estimate both the total income before income tax for the full year and the jurisdictions in which that income is subject to tax. Our estimated tax rate for the full year of 2004 is less than the tax rate for the full year of 2003 due to lower effective state tax rates. We review and adjust our estimated effective income tax rate for the full year each quarter based upon our most recent estimates of income before income tax for the full year and the jurisdictions in which we expect that income will be taxed. The effects of changes made to the estimated effective income tax rate for the full year during a quarter are reflected in the tax provision for that quarter.

Minority interest increased in the third quarter and year-to-date periods primarily due to the operating performance of Food Network and profits being allocated based upon residual interests. Prior to the fourth quarter of 2003, Food Network profits were allocated solely to Class A partnership interests, of which we own approximately 87%. During the fourth quarter of 2003, Food Network profits began to be allocated in proportion to each partner's residual interests in the partnership, of which we own approximately 70%. In the fourth quarter of 2004, we expect minority interest will be between \$11 and \$12 million.

**Business Segment Results** - As discussed in Note 16 to the Consolidated Financial Statements our chief operating decision maker (as defined by FAS 131 - Segment Reporting) evaluates the operating performance of our business segments using a performance measure we call segment profits. Segment profits excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring activities, investment results and certain other items that are included in net income determined in accordance with accounting principles generally accepted in the United States of America.

Items excluded from segment profits 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. Financing, tax structure and divestiture decisions are generally made by corporate executives. Excluding these items from our business segment performance measure enables us to evaluate business segment operating performance for the current period based upon current economic conditions and decisions made by the managers of those business segments in the current period.

Information regarding the operating performance of our business segments determined in accordance with FAS 131 and a reconciliation of such information to the consolidated financial statements is as follows:

( in thousands )

	2004	Quarter Period Change	2003	2004	Year-to-Date Change	2003
Segment operating revenues:						
Newspapers managed solely by us	\$ 165,744	1.2 %	\$ 163,828	\$ 518,940	1.9 %	\$ 509,202
Newspapers operated pursuant to JOAs	54	(3.6)%	56	171	(1.7)%	174
Total newspapers	165,798	1.2 %	163,884	519,111	1.9 %	509,376
Scripps Networks	167,546	37.8 %	121,549	519,135	36.6 %	380,042
Broadcast television	80,693	11.7 %	72,257	243,730	10.1 %	221,300
Shop At Home	63,439	8.6 %	58,425	203,725	17.5 %	173,380
Licensing and other media	22,316	(8.4)%	24,366	75,063	(1.8)%	76,423
Total operating revenues	\$ 499,792	13.5 %	\$ 440,481	\$ 1,560,764	14.7 %	\$ 1,360,521
Segment profit (loss):						
Newspapers managed solely by us	\$ 45,040	(13.5)%	\$ 52,069	\$ 149,206	(9.8)%	\$ 165,363
Newspapers operated pursuant to JOAs	10,185	15.6 %	8,811	23,673	(10.3)%	26,390
Total newspapers	55,225	(9.3)%	60,880	172,879	(9.8)%	191,753
Scripps Networks	63,552	57.8 %	40,277	213,392	54.8 %	137,821
Broadcast television	23,040	23.1 %	18,713	68,482	16.4 %	58,841
Shop At Home	(7,576)		(3,753)	(13,937)	8.9 %	(15,293)
Licensing and other media	3,085	(31.3)%	4,489	11,716	(9.7)%	12,977
Corporate	(10,148)	(21.3)%	(8,363)	(28,806)	(21.9)%	(23,625)
Total segment profit	127,178	13.3 %	112,243	423,726	16.9 %	362,474
Depreciation and amortization of intangibles	(17,779)	(3.6)%	(17,156)	(49,810)	0.9 %	(50,248)
Gain on sale of production facility				11,148		
Interest expense	(7,149)	10.0 %	(7,944)	(22,816)	4.0 %	(23,779)
Interest and dividend income	118	(90.2)%	1,201	1,648	(57.1)%	3,845
Other investment results, net of expenses				14,674		(3,200)
Miscellaneous, net	121		(340)	124		(299)
Income before income taxes and minority interests	\$ 102,489	16.5 %	\$ 88,004	\$ 378,694	31.1 %	\$ 288,793

Discussions of the operating performance of each of our reportable business segments begin on page F-35.

Compliance with the Sarbanes-Oxley Act led to the increase in corporate expenses in 2004.

Segment profits include our share of the earnings of JOAs and certain other investments included in our consolidated operating results using the equity method of accounting. Newspaper segment profits include equity in earnings of JOAs and other joint ventures. Scripps Networks segment profits include equity in earnings of FOX Sports Net South and other joint ventures.

A reconciliation of our equity in earnings of JOAs and other joint ventures included in segment profits to the amounts reported in our Consolidated Statements of Income is as follows:

( in thousands )

	2004	Quarter Period Change	2003	2004	Year-to-Date Change	2003
Newspapers:						
Equity in earnings of JOAs	\$ 19,108	6.1 %	\$ 18,008	\$ 51,830	(3.8)%	\$ 53,850
Equity in earnings (loss) of joint ventures	(13)			(88)		
Scripps Networks:						
Equity in earnings of joint ventures	3,246	15.0 %	2,822	7,474	6.1 %	7,044
Total equity in earnings of JOAs and other joint ventures	\$ 22,341	7.3 %	\$ 20,830	\$ 59,216	(2.8)%	\$ 60,894

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 )

	2004	Quarter Period Change	2003	2004	Year-to-Date Change	2003
Depreciation and amortization:						
Newspapers managed solely by us	\$ 5,810	0.2 %	\$ 5,799	\$ 16,344	(6.3)%	\$ 17,440
Newspapers operated pursuant to JOAs	369	(5.6)%	391	1,097	(5.9)%	1,166
Total newspapers	6,179	(0.2)%	6,190	17,441	(6.3)%	18,606
Scripps Networks	3,228	(4.0)%	3,363	8,669	(8.6)%	9,480
Broadcast television	5,002	1.6 %	4,921	14,538	(0.9)%	14,663
Shop At Home	2,652	35.2 %	1,962	7,038	31.4 %	5,355
Licensing and other media	175	14.4 %	153	495	4.0 %	476
Corporate	543	(4.2)%	567	1,629	(2.3)%	1,668
Total depreciation and amortization	\$ 17,779	3.6 %	\$ 17,156	\$ 49,810	(0.9)%	\$ 50,248
Gain on sale of broadcast television production facility				\$ 11,148		
Interest and dividend income:						
Newspapers managed solely by us	\$ 63	16.7 %	\$ 54	\$ 190	(33.8)%	\$ 287
Newspapers operated pursuant to JOAs	5	25.0 %	4	16	14.3 %	14
Total newspapers	68	17.2 %	58	206	(31.6)%	301
Summit America note			1,133	1,306		3,458
Other	50		10	136	58.1 %	86
Total interest and dividend income	\$ 118	(90.2)%	\$ 1,201	\$ 1,648	(57.1)%	\$ 3,845



**Newspapers** - We operate daily and community newspapers in 18 markets in the U.S. Our newspapers earn revenue primarily from the sale of advertising space to local and national advertisers and from the sale of newspapers to readers. Four of our newspapers are operated pursuant to the terms of joint operating agreements. Each of those newspapers maintains an independent editorial operation and receives a share of the operating profits of the combined newspaper operations.

**Newspapers managed solely by us:** The newspapers managed solely by us operate in mid-size markets, focusing on news coverage within their local markets. Advertising and circulation revenues provide substantially all of each newspaper's operating revenues and employee and newsprint costs are the primary expenses at each newspaper. Declines in circulation of daily newspapers have resulted in a loss of advertising market share throughout the newspaper industry. Further declines in circulation in our newspaper markets could adversely affect our newspapers.

The trends and underlying economic conditions affecting the operating performance of any of our newspapers are substantially the same as those affecting all of our newspapers. Our newspaper operating performance is most affected by newsprint prices and economic conditions, particularly within the retail, labor, housing and auto markets. From time-to-time, individual newspapers may perform better or worse than our newspaper group as a whole due to specific conditions at that newspaper or within its local economy. The operating performance of our Memphis newspaper was more adversely affected by the most recent recession, and its recovery has been more sluggish than our other newspapers. However, such variances between markets do not significantly affect the overall long-term operating performance of the newspaper segment.

Operating results for newspapers managed solely by us were as follows:

<i>( in thousands )</i>						
	Quarter Period			Year-to-Date		
	2004	Change	2003	2004	Change	2003
Segment operating revenues:						
Local	\$ 37,782	0.8 %	\$ 37,480	\$ 121,042	0.1 %	\$ 120,919
Classified	52,629	1.4 %	51,889	163,569	2.7 %	159,320
National	9,749	3.0 %	9,469	29,017	2.7 %	28,267
Preprint and other	31,179	6.3 %	29,322	95,370	6.8 %	89,261
Newspaper advertising	131,339	2.5 %	128,160	408,998	2.8 %	397,767
Circulation	30,783	(4.8)%	32,344	98,135	(3.4)%	101,600
Other	3,622	9.0 %	3,324	11,807	20.1 %	9,835
Total operating revenues	165,744	1.2 %	163,828	518,940	1.9 %	509,202
Segment costs and expenses:						
Employee compensation and benefits	63,811	6.4 %	59,990	195,650	5.3 %	185,884
Newsprint and ink	18,615	6.5 %	17,473	58,476	9.6 %	53,347
Other segment costs and expenses	38,265	11.6 %	34,296	115,520	10.4 %	104,608
Total costs and expenses	120,691	8.0 %	111,759	369,646	7.5 %	343,839
Contribution to segment profit before joint ventures	45,053	(13.5)%	52,069	149,294	(9.7)%	165,363
Equity in earnings (loss) of joint ventures	(13)			(88)		
Contribution to segment profit	\$ 45,040	(13.5)%	\$ 52,069	\$ 149,206	(9.8)%	\$ 165,363

Supplemental Information:

Depreciation and amortization	\$ 5,810	\$ 5,799	\$ 16,344	\$ 17,440
Capital expenditures	4,930	5,838	19,146	27,777
Business acquisitions and other additions to long-lived assets		400		3,904

Third quarter and year-to-date operating results were affected by the impact of hurricanes at our Florida operations. Our Florida operations sustained wind and water damage and the hurricanes interrupted operations at our affected businesses and at certain of their customers, resulting in lost revenues. Advertising revenues at our other newspapers increased 3% year-over-year in the third quarter.

Increases in preprint and other advertising reflect the development of new print and electronic products and services. These products include niche publications such as community newspapers, lifestyle magazines, publications focused upon the classified advertising categories of real estate, employment and auto, and other publications aimed at younger readers. Additionally, our Internet sites had advertising revenues of \$3.8 million in the third quarter of 2004 compared with \$2.9 million in the third quarter of 2003. Year-to-date Internet advertising revenues were \$11.3 million in 2004 compared with \$8.5 million in 2003. We expect continued growth in advertising on our Internet sites as we continue to leverage our local franchises in help wanted, automotive and real estate advertising.

Employee compensation and benefit expenses increased due primarily to higher employee benefit costs, including a \$5.0 million year-to-date increase in health care and long-term disability costs.

Newsprint and ink costs increased primarily due to increases in newsprint prices.

Total segment costs and expenses and depreciation and amortization include \$1.1 million of estimated asset impairment and restoration costs incurred as a result of the Florida hurricanes.

**Newspapers operated under Joint Operating Agreements (“JOAs”):** Four of our newspapers are operated pursuant to the terms of joint operating agreements (“JOAs”). The table below provides certain information about our JOAs.

<u>Newspaper</u>	<u>Publisher of Other Newspaper</u>	<u>Year JOA Entered Into</u>	<u>Year of JOA Expiration</u>
The Albuquerque Tribune	Journal Publishing Company	1933	2022
Birmingham Post-Herald	Newhouse Newspapers	1950	2015
The Cincinnati Post	Gannett Newspapers	1977	2007
Denver Rocky Mountain News	MediaNews Group, Inc.	2001	2051

The operating profits earned from the combined operations of the two newspapers are distributed to the partners in accordance with the terms of the joint operating agreement. We receive a 50% share of the Denver JOA profits and between 20% and 40% of the profits from the other three JOAs.

Operating results for our newspapers operated under JOAs were as follows:

<i>( in thousands )</i>						
	2004	Quarter Period Change	2003	2004	Year-to-Date Change	2003
Equity in earnings of JOAs included in segment profit:						
Denver	\$ 8,706	8.1 %	\$ 8,051	\$ 23,901	(1.8)%	\$ 24,345
Cincinnati	6,011	12.0 %	5,367	16,540	2.3 %	16,167
Other	4,391	(4.3)%	4,590	11,389	(14.6)%	13,338
Total equity in earnings of JOAs included in segment profit	19,108	6.1 %	18,008	51,830	(3.8)%	53,850
Operating revenues	54	(3.6)%	56	171	(1.7)%	174
Total	19,162	6.1 %	18,064	52,001	(3.7)%	54,024
JOA editorial costs and expenses:						
Denver	5,495	(3.7)%	5,708	17,310	3.1 %	16,787
Cincinnati	1,878	1.2 %	1,856	5,929	3.1 %	5,752
Other	1,604	(5.0)%	1,689	5,089	(0.1)%	5,095
Total JOA editorial costs and expenses	8,977	(3.0)%	9,253	28,328	2.5 %	27,634
JOAs contribution to segment profit:						
Denver	3,242	36.5 %	2,375	6,698	(12.7)%	7,671
Cincinnati	4,132	17.7 %	3,511	10,611	1.9 %	10,415
Other	2,811	(3.9)%	2,925	6,364	(23.4)%	8,304
Total JOA contribution to segment profit	\$ 10,185	15.6 %	\$ 8,811	\$ 23,673	(10.3)%	\$ 26,390
<u>Supplemental Information:</u>						
Depreciation and amortization	\$ 369		\$ 391	\$ 1,097		\$ 1,166
Capital expenditures	194		217	532		415

Year-to-date JOA equity in earnings was reduced by a \$2.5 million accrual recorded as a result of a court judgment involving The Birmingham News Co. Our newspaper, the Birmingham Post-Herald, is the minority, non-managing partner under a joint operating agreement with The Birmingham News Co. In June, the Alabama Supreme Court upheld an arbitration panel’s decision in favor of former contract newspaper carriers who challenged actions by The Birmingham News Co. that resulted in agreements with The Birmingham News Co. either not being renewed or being terminated before normal expiration.

Gannett Newspapers has notified us of its intent to terminate the Cincinnati JOA upon its expiration in 2007.

**Scripps Networks** - Scripps Networks includes our national lifestyle television networks: Home & Garden Television (“HGTV”), Food Network, DIY– Do It Yourself Network (“DIY”), and Fine Living. Programming from our networks can be viewed on demand (“VOD”) on cable television systems in about 84 markets across the United States. Scripps Networks also includes our 12% interest in FOX Sports Net South, a regional television network. On October 12, 2004, we announced a definitive agreement to acquire the Great American Country network.

We launched HGTV in 1994. Food Network launched in 1993, and we acquired our controlling interest in 1997. We launched DIY in the fourth quarter of 1999 and Fine Living in the first quarter of 2002. We have used a similar strategy in developing each of our networks. Our initial focus is to gain distribution on cable and satellite television systems. We may offer incentives in the form of cash payments or an initial period in which payment of affiliate fees by the systems is waived in exchange for long-term distribution contracts. We create new and original programming and undertake promotion and marketing campaigns designed to increase viewer awareness. We expect to incur operating losses until network distribution and audience size are sufficient to attract national advertisers. As distribution of the network increases, we make additional investments in the quality and variety of programming and increase the number of hours of original programming offered on the network. Such investments are expected to result in increases in viewership, yielding higher advertising revenues.

While we have employed similar development strategies with each of our networks, there can be no assurance DIY and Fine Living will achieve operating performances similar to HGTV and Food Network. There has been considerable consolidation among cable and satellite television operators, with the eight largest providing services to approximately 90% of the homes that receive cable and satellite television programming. At the same time, there has been an expansion in the number of programming services seeking distribution on those systems, with the number of networks more than doubling since 1996. DIY, Fine Living and our VOD and broadband initiatives are expected to reduce segment profits by approximately \$10 million in the fourth quarter of 2004.

Operating results for each of our four national networks were as follows:

<i>( in thousands )</i>							
	Quarter Period			Year-to-Date			
	2004	Change	2003	2004	Change	2003	
Operating revenues:							
HGTV	\$ 88,694	26.6 %	\$ 70,074	\$ 275,182	27.3 %	\$ 216,124	
Food Network	66,614	49.8 %	44,464	208,067	43.1 %	145,446	
DIY	7,775	55.6 %	4,997	22,749	69.4 %	13,426	
Fine Living	4,286		1,973	12,811		4,794	
Other	177		41	326	29.4 %	252	
Total segment operating revenues	167,546	37.8 %	121,549	\$ 519,135	36.6 %	\$ 380,042	
Contribution to segment profit (loss):							
HGTV	42,203	28.6 %	32,828	\$ 142,764	31.9 %	\$ 108,208	
Food Network	29,896	93.6 %	15,440	94,980	66.1 %	57,194	
DIY	(2,607)	(3.9)%	(2,510)	(6,831)	22.1 %	(8,769)	
Fine Living	(5,710)	9.5 %	(6,309)	(15,944)	20.2 %	(19,992)	
Other	(230)		828	(1,577)		1,180	
Total segment profit	\$ 63,552	57.8 %	\$ 40,277	\$ 213,392	54.8 %	\$ 137,821	
Homes reached in September (1):							
HGTV				87,200	5.4%	82,700	
Food Network				85,500	4.8%	81,600	
DIY				30,000	36.4%	22,000	
Fine Living				24,000	26.3%	19,000	

(1) Approximately 93 million homes in the United States receive cable or satellite television. Homes reached are according to the Nielsen Homevideo Index (“Nielsen”), with the exception of DIY and Fine Living which are not yet rated by Nielsen and represent comparable amounts calculated by us.

Each of our four national television networks is a targeted lifestyle-oriented network. Advertising and network affiliate fees provide substantially all of each network’s operating revenues and employee costs and programming costs are the primary expenses. The trends and underlying economic conditions affecting each of our networks are substantially the same as those affecting all of our networks, primarily the demand for national advertising.

Operating results for Scripps Networks were as follows:

<i>( in thousands )</i>							
	Quarter Period			Year-to-Date			
	2004	Change	2003	2004	Change	2003	
Segment operating revenues:							
Advertising	\$ 128,156	32.6 %	\$ 96,631	\$ 408,042	33.1 %	\$ 306,560	
Network affiliate fees, net	37,073	57.8 %	23,490	104,504	51.4 %	69,047	
Other	2,317	62.3 %	1,428	6,589	48.6 %	4,435	
Total segment operating revenues	167,546	37.8 %	121,549	519,135	36.6 %	380,042	
Segment costs and expenses:							
Employee compensation and benefits	24,330	13.0 %	21,540	70,305	12.2 %	62,635	
Programs and program licenses	45,031	30.7 %	34,446	122,852	28.1 %	95,876	
Other segment costs and expenses	37,879	34.8 %	28,108	120,060	32.3 %	90,754	
Total segment costs and expenses	107,240	27.5 %	84,094	313,217	25.7 %	249,265	
Segment profit before joint ventures	60,306	61.0 %	37,455	205,918	57.5 %	130,777	
Equity in income of joint ventures	3,246	15.0 %	2,822	7,474	6.1 %	7,044	
Segment profit	\$ 63,552	57.8 %	\$ 40,277	\$ 213,392	54.8 %	\$ 137,821	
<i>Supplemental Information:</i>							
Billed network affiliate fees	\$ 42,956	58.9 %	\$ 27,032	\$ 121,763	55.7 %	\$ 78,214	
Network launch incentive payments	2,973		4,674	32,367		24,612	
Payments for programming less (greater) than program cost amortization	3,172		(12,944)	(15,383)		(27,632)	
Depreciation and amortization	3,228		3,363	8,669		9,480	
Capital expenditures	4,147		1,714	18,749		4,114	
Business acquisitions and other additions to long-lived assets	41,278		47,463	145,342		132,870	

Increased viewership of our networks led to increased demand for advertising time and higher advertising rates. Increased viewership has been driven by wider distribution of the networks and higher ratings resulting from our investments in the quality and hours of original programming and marketing campaigns to promote consumer awareness of the networks. Advertising revenues are expected to increase approximately 25% year-over-year in the fourth quarter of 2004.

The increase in network affiliate fees reflects both scheduled rate increases and wider distribution of the networks. In addition, the charter distribution agreements for Food Network provided the programming to cable television systems without charge for the initial 10-year term of the agreement. Charter distribution agreements with cable television systems distributing our programming to approximately 25 million homes expired at the end of 2003. Distribution agreements with cable and satellite television systems currently in force require the payment of affiliate fees over the terms of the agreements. Third quarter 2004 affiliate fee revenue was also favorably affected by the completion of several renewal agreements with cable television operators. Network affiliate fees are expected to increase approximately 45% year-over-year in the fourth quarter of 2004.

Employee compensation and benefit expenses increased due to the hiring of additional employees to support the growth of Fine Living and DIY.

Programs and program licenses and other costs and expenses increased due to the improved quality and variety of programming, expanded hours of original programming and continued efforts to promote the programming in order to attract a larger audience. Our continued investment in building viewership across all four networks is expected to increase programming and marketing expenses approximately 30% year-over-year in the fourth quarter of 2004.

We anticipate the acquisition of the Great American Country network to close in later November 2004. Accordingly, we expect the acquisition to have minimal effect on our fourth quarter 2004 results.

**Broadcast Television** – Broadcast television includes six ABC-affiliated stations, three NBC-affiliated stations and one independent. Each station is located in one of the 60 largest television markets in the U.S. Our broadcast television stations earn revenue primarily from the sale of advertising time to local and national advertisers.

National broadcast television networks offer affiliates a variety of programs and sell the majority of advertising within those programs. We may receive compensation from the network for carrying its programming. In addition to network programs, we broadcast locally 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.

Advertising provides substantially all of each station's operating revenues. Employee and programming costs are the primary expenses. Increased viewing choices on cable and satellite television systems and the growth of alternative electronic entertainment devices has resulted in fragmentation of the viewing audience. Further audience fragmentation could adversely affect our broadcast television stations.

The trends and underlying economic conditions affecting the operating performance of any of our broadcast television stations are substantially the same as those affecting all of our stations. The operating performance of our broadcast television group is most affected by the health of the economy, particularly conditions within the retail and auto markets, and by the volume of advertising time purchased by campaigns for elective office and for political issues. The demand for political advertising is significantly higher in even-numbered years, when congressional and presidential elections occur, than in odd-numbered years. From time-to-time, individual television stations may perform better or worse than our television station group as a whole due to specific conditions at that station or within its local economy. However, such variances do not significantly affect the overall long-term operating performance of the broadcast television segment.

Operating results for broadcast television were as follows:

<i>( in thousands )</i>						
	Quarter Period			Year-to-Date		
	2004	Change	2003	2004	Change	2003
Segment operating revenues:						
Local	\$ 42,440	(2.7)%	\$ 43,624	\$ 136,904	1.4 %	\$ 135,070
National	23,981	1.3 %	23,667	73,462	1.8 %	72,164
Political	10,206		1,013	20,530		2,021
Network compensation	2,135	(4.1)%	2,227	6,680	(1.3)%	6,767
Other	1,931	11.9 %	1,726	6,154	16.6 %	5,278
Total segment operating revenues	80,693	11.7 %	72,257	243,730	10.1 %	221,300
Segment costs and expenses:						
Employee compensation and benefits	29,403	3.0 %	28,552	90,831	4.8 %	86,686
Programs and program licenses	12,228	5.4 %	11,601	35,750	6.8 %	33,488
Other segment costs and expenses	16,022	19.6 %	13,391	48,667	15.1 %	42,285
Total segment costs and expenses	57,653	7.7 %	53,544	175,248	7.9 %	162,459
Segment profit	\$ 23,040	23.1 %	\$ 18,713	\$ 68,482	16.4 %	\$ 58,841

Supplemental Information:

Payments for programming less (greater) than program cost amortization	\$ (147)	\$ 354	\$ (728)	\$ 1,243
Depreciation and amortization	5,002	4,921	14,538	14,663
Capital expenditures	2,647	10,107	11,967	22,048
Business acquisitions and other additions to long-lived assets				918

Third quarter and year-to-date operating results were affected by the impact of hurricanes at our Florida operations. Our Florida operations sustained wind and water damage and the hurricanes interrupted operations at our affected businesses and at certain of their customers, resulting in lost revenues. Revenues at our other television stations increased 10% year-over-year in the third quarter.

Broadcast television operating results are significantly affected by the political cycle. Our stations, while reaching approximately 10% of U.S. television households, are located in states with 22% of the electoral vote. We operate four television stations in the key electoral states of Ohio and Florida. We currently expect the year-over-year percentage increase in advertising revenues, including political advertising, to be in the mid-teens in the fourth quarter.

Our six ABC affiliation agreements expire in 2004 through 2006. Our ABC affiliates recognized \$2.1 million of network compensation revenue in the third quarter of 2004 and 2003. Year-to-date network compensation revenue was \$6.5 million in 2004 and 2003. We are currently negotiating renewal of our affiliation agreements with ABC. While we expect network compensation will be reduced under the new agreements, we are unable to predict the amount of network compensation we may receive upon renewal of these agreements.

Total segment costs and expenses and depreciation and amortization include \$1.3 million of estimated asset impairment and restoration costs incurred as a result of the Florida hurricanes.

**Shop At Home** - On April 14, 2004, we completed our acquisition of Summit America Television Inc. ("Summit America"). Summit America owned a 30% minority interest in Shop At Home and owned and operated five Shop At Home-affiliated broadcast television stations.

Shop At Home markets a range of consumer goods directly to television viewers and visitors to its Web site. Programming is distributed on a full or part-time basis under the terms of affiliation agreements with broadcast television stations and cable and satellite television systems. Affiliates are paid a fee ("network distribution fee") based upon the number of cable and direct broadcast satellite households reached by the affiliate.

Retail merchandise sales provide substantially all of Shop At Home's operating revenues and cost of merchandise sold and network distribution costs are the primary expenses. Shop At Home's operating results are influenced by the distribution of the network, our ability to attract an audience, our selection and mix of product, and by consumers' discretionary spending.

Operating results for Shop At Home were as follows:

<i>( in thousands )</i>						
	Quarter Period			Year-to-Date		
	2004	Change	2003	2004	Change	2003
Segment operating revenues:						
Retail merchandise	\$ 60,178	10.0 %	\$ 54,703	\$ 191,824	17.5 %	\$ 163,237
Shipping and handling	3,044	(11.5)%	3,439	10,279	11.8 %	9,192
Other	217	(23.3)%	283	1,622	70.6 %	951
Total segment operating revenues	63,439	8.6 %	58,425	203,725	17.5 %	173,380
Segment costs and expenses:						
Cost of merchandise sold	41,308	8.5 %	38,056	130,307	14.4 %	113,859
Network distribution fees	14,516	2.0 %	14,236	43,171	(5.3)%	45,579
Employee compensation and benefits	8,597	41.6 %	6,073	24,070	41.8 %	16,977
Other segment costs and expenses	6,594	72.9 %	3,813	20,114	64.1 %	12,258
Total segment costs and expenses	71,015	14.2 %	62,178	217,662	15.4 %	188,673
Segment profit (loss)	\$ (7,576)		\$ (3,753)	\$ (13,937)	8.9 %	\$ (15,293)
<i>Supplemental Information:</i>						
Interest and dividend income from Summit America			\$ 1,133	\$ 1,306		\$ 3,458
Depreciation and amortization	\$ 2,652		1,962	7,038		5,355
Capital expenditures	1,490		744	4,529		2,457
Business acquisitions and other additions to long-lived assets				228,686		

We continue to integrate management of Shop At Home with that of Scripps Networks and to shift the mix of retail products offered for sale by Shop At Home to parallel the consumer categories targeted by our lifestyle programming networks. Sales of products for the home and cookware were approximately 9% of total revenue in the third quarter of 2004 compared to 7% in the third quarter of 2003. Year-to-date sales of products for the home and cookware were approximately 9% of total revenue in 2004 compared to 6% in 2003.

In connection with the acquisition of Summit America, we assumed Summit America's obligations to us under the \$47.5 million secured loan and \$3 million redeemable preferred stock extended to Summit America as part of the 2002 acquisition of the controlling interest in Shop At Home. We also assumed Summit America's rights under the Shop At Home affiliation agreements with the Summit America broadcast television stations. Accordingly, interest and dividend income from Summit America and network distribution fees paid to the Summit America broadcast television stations ceased upon the acquisition of Summit America.

Segment losses at Shop At Home are expected to be approximately \$7 million in the fourth quarter of 2004.



## LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is our cash flow from operating activities. Advertising has historically provided 70% of total operating revenues, so cash flow from operating activities is adversely affected during recessionary periods. Information about our use of cash flow from operating activities is presented in the following table:

( in thousands )	Nine months ended September 30,	
	2004	2003
Net cash provided by operating activities	\$ 263,670	\$ 256,916
Capital expenditures	(56,604)	(59,420)
Dividends paid, including to minority interests	(47,887)	(37,266)
Other - primarily stock option proceeds	21,570	21,002
Cash flow available for acquisitions and debt repayment	\$ 180,749	\$ 181,232
Use of available cash flow:		
Business acquisitions and net investment activity	\$ (170,734)	\$ (4,728)
Other investing activity	3,367	3,619
Increase (decrease) in long-term debt	(16,871)	(175,409)

Our cash flow has been used primarily to fund acquisitions and investments and to develop new businesses. There are no significant legal or other restrictions on the transfer of funds among our business segments.

Net cash provided by operating activities increased year-over-year due to the improved operating performance of our business segments. Cash required for the development of our emerging brands (DIY, Fine Living, VOD and Shop At Home) was approximately \$70 million for the year-to-date period of 2004. We expect cash flow from operating activities in 2004 will provide sufficient liquidity to continue the development of our emerging brands and to fund the capital expenditures necessary to support our businesses.

In October 2004, we reached a definitive agreement to acquire the Great American Country network. We will pay approximately \$140 million in cash which we expect to finance through additional borrowings on our existing credit facilities.

On April 14, 2004, we completed the acquisition of Summit America Television Inc. for approximately \$180 million in cash. The acquisition of Summit America was financed through cash and short-term investments on hand and additional borrowings on our existing credit facilities.

In the second quarter of 2004, the Denver JOA entered into an \$88 million financing arrangement with a group of banks to construct a new office building for the non-production related employees of the Denver JOA and the editorial departments of both the Rocky Mountain News and Media News Group's ("MNG") Denver Post. Upon completion of construction, which is expected to take approximately 24 months, the Denver JOA will lease the building for an initial term of five years. Scripps and MNG are not parties to the arrangement and have not guaranteed any of the Denver JOA's obligations under the arrangement. At the end of the initial lease term the Denver JOA will either renegotiate an additional lease term, relocate to an alternative building or acquire the building. Relocation or acquisition of the building may require capital contributions by the JOA partners.

We have a credit facility that permits \$450 million in aggregate borrowings and expires in July 2009. Total borrowings under the facilities were \$40 million at September 30, 2004.

Our access to commercial paper markets can be affected by macroeconomic factors outside of our control. In addition to macroeconomic factors, our access to commercial paper markets and our borrowing costs are affected by short and long-term debt ratings assigned by independent rating agencies.

We have a U.S. shelf registration statement which allows us to borrow up to an additional \$450 million as of September 30, 2004.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Earnings and cash flow can be affected by, among other things, economic conditions, interest rate changes, foreign currency fluctuations (primarily in the exchange rate for the Japanese yen) and changes in the price of newsprint. We are also exposed to changes in the market value of our investments.

We may use foreign currency forward and option contracts to hedge our cash flow exposures that are denominated in Japanese yen and forward contracts to reduce the risk of changes in the price of newsprint on anticipated newsprint purchases. We held no foreign currency or newsprint derivative financial instruments at September 30, 2004.

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

( in thousands, except share data )	As of September 30, 2004		As of December 31, 2003	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Variable-rate credit facilities, including commercial paper	\$ 40,434	\$ 40,434	\$ 50,187	\$ 50,187
\$100 million, 6.625% notes, due in 2007	99,957	112,625	99,946	113,146
\$50 million, 3.75% notes, due in 2008	50,000	50,015	50,000	50,302
\$100 million, 4.25% notes, due in 2009	99,503	100,509	99,430	102,160
\$200 million, 5.75% notes, due in 2012	199,028	213,549	198,934	214,863
Other notes	3,198	2,968	10,318	9,604
Total long-term debt including current portion	\$ 492,120	\$ 520,100	\$ 508,815	\$ 540,262
Interest rate swap	\$ 15	\$ 15	\$ 302	\$ 302
Note from Summit America, including accreted discount (c)			\$ 44,750	\$ 46,000
Financial instruments subject to market value risk:				
Time Warner (2,017,000 common shares)	\$ 29,667	\$ 32,551	\$ 29,667	\$ 36,283
Digital Theater Systems ("DTS") (554,000 common shares) (b)			11	13,690
Other available-for-sale securities	2,109	4,848	478	3,932
Total investments in publicly-traded companies	31,776	37,399	30,156	53,905
Summit America preferred stock (c)			3,240	(a)
Other equity securities	8,939	(a)	9,240	(a)

(a) Includes securities that do not trade in public markets, so the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value. However, many of the investees have had no rounds of equity financing in recent years. There can be no assurance that we would realize the carrying value upon sale of the securities.

(b) Our shares in DTS were sold during the first quarter of 2004.

(c) On April 14, 2004, we completed the acquisition of Summit America Television Inc. As part of the transaction, we assumed Summit America's obligations to us under the note and redeemable preferred stock.

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 our overall borrowing costs. We manage interest rate risk primarily by maintaining a mix of fixed-rate and variable-rate debt. In February 2003, we issued \$50 million of 3.75% notes due in 2008. Concurrently, we entered into a receive-fixed, pay-floating interest rate swap, effectively converting the notes to a variable-rate obligation indexed to LIBOR. We account for the interest rate swap as a fair value hedge of the underlying fixed-rate notes. As a result, changes in the fair value of the interest rate swap are offset by changes in the fair value of the swapped notes and no net gain or loss is recognized in earnings.

## CONTROLS AND PROCEDURES

Scripps' management is responsible for the preparation, integrity and objectivity of the consolidated financial statements and other information presented in this report. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect certain estimates and adjustments by management. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, we must 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. We re-evaluate our estimates and assumptions on an ongoing basis. While actual results could differ from those estimated at the time of preparation of the financial statements, we are committed to preparing financial statements incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.

We maintain a system of internal accounting controls and procedures, which management believes provide reasonable assurance that transactions are properly recorded and that assets are protected from loss or unauthorized use.

We maintain a system of disclosure controls and procedures to ensure timely collection and evaluation of information subject to disclosure, to ensure the selection of appropriate accounting policies, and to ensure compliance with our accounting policies and procedures. Our disclosure control systems and procedures include the certification of financial information provided from each of our businesses by the management of those businesses.

The integrity of the internal accounting and disclosure control systems is based on written policies and procedures, the careful selection and training of qualified financial personnel, a program of internal audits and direct management review. Our disclosure control committee meets periodically to review our systems and procedures and to review our financial statements and related disclosures.

Both the internal and independent auditors have direct and private access to the Audit Committee.

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) 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 significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the most recent evaluation.

**THE E. W. SCRIPPS COMPANY**

**Index to Exhibits**

**Exhibit**

**No.**

**Item**

10.64	Amended and Restated Scripps Supplemental Executive Retirement Plan
10.65	Scripps Senior Executive Change in Control Plan
10.66	Scripps Executive Deferred Compensation Plan
12	Ratio of Earnings to Fixed Charges
31(a)	Rule 13a-14(a)/15d-14(a) Certifications
31(b)	Rule 13a-14(a)/15d-14(a) Certifications
32(a)	Section 1350 Certifications
32(b)	Section 1350 Certifications

**RATIO OF EARNINGS TO FIXED CHARGES****EXHIBIT 12***( in thousands )*

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
<b>EARNINGS AS DEFINED:</b>				
Earnings from operations before income taxes after eliminating undistributed earnings of 20%- to 50%-owned affiliates	\$ 102,121	\$ 89,060	\$ 384,233	\$ 302,156
Fixed charges excluding capitalized interest and preferred stock dividends of majority-owned subsidiary companies	9,096	9,615	29,016	28,725
<b>Earnings as defined</b>	<b>\$ 111,217</b>	<b>\$ 98,675</b>	<b>\$ 413,249</b>	<b>\$ 330,881</b>
<b>FIXED CHARGES AS DEFINED:</b>				
Interest expense, including amortization of debt issue costs	\$ 7,149	\$ 7,944	\$ 22,816	\$ 23,779
Interest capitalized	84	138	600	302
Portion of rental expense representative of the interest factor	1,947	1,671	6,200	4,946
Preferred stock dividends of majority-owned subsidiary companies	20	20	60	60
<b>Fixed charges as defined</b>	<b>\$ 9,200</b>	<b>\$ 9,773</b>	<b>\$ 29,676</b>	<b>\$ 29,087</b>
<b>RATIO OF EARNINGS TO FIXED CHARGES</b>	<b>12.09</b>	<b>10.10</b>	<b>13.93</b>	<b>11.38</b>

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**CERTIFICATIONS**

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I, Kenneth W. Lowe, certify that:

1. I have reviewed this report on Form 10-Q of The E.W. Scripps Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) *not required*;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 1, 2004

BY: /s/ Kenneth W. Lowe  
Kenneth W. Lowe  
President and Chief Executive Officer

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**CERTIFICATIONS**

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I, Joseph G. NeCastro, certify that:

1. I have reviewed this report on Form 10-Q of The E.W. Scripps Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) *not required*;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 1, 2004

BY: /s/ Joseph G. NeCastro  
Joseph G. NeCastro  
Senior Vice President and Chief Financial Officer

**EXHIBIT 32(a)**  
**Section 1350 Certifications**

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth W. Lowe, President and Chief Executive Officer of The E. W. Scripps Company (the "Company"), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2004 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth W. Lowe  
Kenneth W. Lowe  
President and Chief Executive Officer

November 1, 2004



**EXHIBIT 32(b)**  
**Section 1350 Certifications**

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph G. NeCastro, Senior Vice President and Chief Financial Officer of The E. W. Scripps Company (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2004 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph G. NeCastro  
Joseph G. NeCastro  
Senior Vice President and Chief Financial Officer

November 1, 2004