UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2020

OR

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

For the transition period from __________ to __________

Commission File Number 001-10701

THE E.W. SCRIPPS COMPANY

(Exact name of registrant as specified in its charter)

Ohio	31-1223339
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
312 Walnut Street Cincinnati, Ohio	45202
(Address of principal executive offices)	(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.)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	SSP	NASDAQ Global Select Market

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

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

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

Large accelerated filer	☑	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ 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 September 30, 2020, there were 69,666,913 of the registrant’s Class A Common shares, $0.01 par value per share, outstanding and 11,932,722 of the registrant’s Common Voting shares, $0.01 par value per share, outstanding.

Index to The E.W. Scripps Company Quarterly Report
on Form 10-Q for the Quarter Ended September 30, 2020

PART I

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

Item 1. Financial Statements

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

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

PART II

Item 1. Legal Proceedings

We are involved in litigation and regulatory proceedings arising in the ordinary course of business, such as defamation actions and governmental proceedings primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

Item 1A. Risk Factors

The risk factors disclosed in Item 1A. Risk Factors in our 2019 Annual Report on Form 10-K have been updated for the impacts of the COVID-19 pandemic in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 as well as for the risks related to the pending ION Media transaction as set forth below.

Our planned acquisition of ION Media may not occur at all, may not occur in the expected time frame or may involve the divestiture of certain businesses and assets in addition to or in lieu of our planned divestiture of up to 26 ION stations, any of which may negatively affect the trading price of our common shares and our future business and financial results.

If the transaction is completed, ION Media will become our indirect wholly owned subsidiary. The consummation of the acquisition and the related planned divestitures is not assured and is subject to certain conditions, including the expiration or termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder, the consent of the Federal Communications Commission, and the absence of any law or order restraining, enjoining or otherwise prohibiting the acquisition, as well as other customary closing conditions.

The planned acquisition of ION Media is subject to a number of risks and uncertainties, including general economic and capital markets conditions; the effects that the pendency of the transaction may have on us or ION Media; our inability to obtain required regulatory or government approvals or to obtain such approvals in a timely manner or on satisfactory conditions; the inability of ION Media to satisfy closing conditions; our inability to obtain financing on acceptable terms; the inability of the buyer of the divestiture stations to obtain financing on acceptable terms; the occurrence of any event, change or other circumstance that could give rise to the termination of the acquisition agreement, certain of which could require us to pay a termination fee of $35 million to ION Media; legal proceedings that may be instituted related to the proposed acquisition and the legal expenses and diversion of management's attention that may be associated therewith; and unexpected costs, charges or expenses. If the planned acquisition of ION Media and related planned divestitures are not completed, if there are significant delays in completing the planned acquisition or if the planned acquisition and related divestitures involve unexpected additional required divestitures, it could negatively affect the trading price of our common shares and our future business and financial results or result in the termination of the acquisition agreement.

We have incurred and will continue to incur significant transaction costs in connection with the acquisition of ION Media that could adversely affect our results of operations.

Whether or not we complete the transaction, we have incurred, and will continue to incur, significant costs in connection with the acquisition, including payment of certain fees and expenses incurred in connection with the transaction and related financing transactions. Additional unanticipated costs may be incurred in the integration process. These could adversely affect our results of operations in the period in which such expenses are recorded or our cash flow in the period in which any related costs are actually paid. Furthermore, we may incur material restructuring charges in connection with the transaction, which may adversely affect our operating results following the closing of the transaction in the period in which such expenses are recorded or our cash flow in the period in which any related costs are actually paid. A delay in closing or a failure to complete the transaction could have a negative impact on our business.

Under the terms of the acquisition agreement with ION Media, we are required to consummate the acquisition regardless of whether we or the buyer of the divestiture stations is able to obtain financing as anticipated, and our failure or such buyer's failure to obtain financing could materially and adversely affect us.

If we are not able to obtain financing as anticipated for the acquisition of ION Media, we may need to obtain alternative financing or will be in breach of the acquisition agreement. If the buyer of the ION Media stations we plan to divest is not able to obtain financing, and we are not able to find or reach an agreement with an alternative buyer, we will be in breach of the acquisition agreement. The buyer of the stations we must divest is a newly-formed entity that may not be able to obtain equity or debt financing sufficient to purchase those stations. These alternative arrangements may be on terms that are less favorable to us than our currently anticipated terms, and such differences may be material, or such alternative arrangements my not be available at all. In any of these events, we could be exposed to claims of breach that could result in substantial damages owed to ION Media and have a material adverse effect on our business, cash flows, results of operations and financial position.

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

There were no sales of unregistered equity securities during the quarter ended September 30, 2020.

In November 2016, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares. We repurchased a total of $50.3 million of shares under the authorization prior to its expiration on March 1, 2020. In February 2020, our Board of Directors authorized a new share repurchase program of up to $100 million of our Class A Common shares through March 1, 2022. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. No shares were repurchased during the third quarter of 2020.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the quarter ended September 30, 2020.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description
31(a)	Section 302 Certifications
31(b)	Section 302 Certifications
32(a)	Section 906 Certifications
32(b)	Section 906 Certifications
101	The Company's unaudited Condensed Consolidated Financial Statements and related Notes for the quarter and nine months ended September 30, 2020 from this Quarterly Report on Form 10-Q, formatted in iXBRL (Inline eXtensible Business Reporting Language).*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* - Filed herewith

Signatures

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

	THE E.W. SCRIPPS COMPANY
Dated: November 6, 2020	By: /s/ Douglas F. Lyons
	Douglas F. Lyons Senior Vice President, Controller and Treasurer (Principal Accounting Officer)

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

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

(in thousands, except share data)	As of September 30, 2020	As of December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 128,548	$ 32,968
Accounts receivable (less allowances— $3,709 and $3,346)	382,531	387,847
Programming	—	52,699
FCC repack receivable	20,354	29,651
Miscellaneous	32,097	39,486
Assets of discontinued operations	102,511	101,266
Assets held for sale	155,623	—
Total current assets	821,664	643,917
Investments	13,207	8,375
Property and equipment	349,709	370,378
Operating lease right-of-use assets	51,279	128,192
Goodwill	1,201,533	1,224,679
Other intangible assets	982,366	1,060,675
Programming (less current portion)	137,663	96,256
Deferred income taxes	8,372	12,306
Miscellaneous	20,334	17,079
Total Assets	$ 3,586,127	$ 3,561,857
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 59,684	$ 28,441
Unearned revenue	34,510	10,704
Current portion of long-term debt	10,612	10,612
Accrued liabilities:		
Employee compensation and benefits	38,939	43,259
Programming liability	69,261	96,682
Accrued interest	14,029	15,352
Miscellaneous	45,687	41,694
Other current liabilities	15,566	42,561
Liabilities of discontinued operations	19,708	22,727
Liabilities held for sale	79,613	—
Total current liabilities	387,609	312,032
Long-term debt (less current portion)	1,900,861	1,904,418
Deferred income taxes	46,836	17,876
Operating lease liabilities	40,171	113,648
Other liabilities (less current portion)	287,583	315,948
Equity:		
Preferred stock, $0.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Common stock, $0.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 69,666,913 and 69,027,524 shares	697	691
Voting — authorized: 60,000,000 shares; issued and outstanding: 11,932,722 and 11,932,722 shares	119	119
Total	816	810
Additional paid-in capital	1,127,149	1,117,095
Accumulated deficit	(108,730)	(120,981)
Accumulated other comprehensive loss, net of income taxes	(96,168)	(98,989)
Total equity	923,067	897,935
Total Liabilities and Equity	$ 3,586,127	$ 3,561,857

See notes to condensed consolidated financial statements.

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

(in thousands, except per share data)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating Revenues:				
Advertising	$ 320,026	$ 215,658	$ 770,024	$ 595,106
Retransmission and carriage	153,888	97,128	437,121	277,736
Other	19,348	18,071	59,223	55,502
Total operating revenues	493,262	330,857	1,266,368	928,344
Costs and Expenses:				
Employee compensation and benefits	140,350	118,906	415,174	334,198
Programming	131,455	100,550	394,877	277,891
Other expenses	78,452	67,433	228,977	193,293
Acquisition and related integration costs	10,928	16,736	16,059	23,004
Restructuring costs	—	27	—	1,922
Total costs and expenses	361,185	303,652	1,055,087	830,308
Depreciation, Amortization, and (Gains) Losses:				
Depreciation	12,568	9,833	38,315	28,458
Amortization of intangible assets	14,288	11,828	42,531	29,741
(Gains) losses, net on disposal of property and equipment	(2,012)	(11)	728	306
Net depreciation, amortization, and (gains) losses	24,844	21,650	81,574	58,505
Operating income	107,233	5,555	129,707	39,531
Interest expense	(21,387)	(26,537)	(70,184)	(53,476)
Defined benefit pension plan expense	(1,261)	(2,071)	(3,313)	(5,207)
Miscellaneous, net	1,488	2,042	1,050	1,611
Income (loss) from continuing operations before income taxes	86,073	(21,011)	57,260	(17,541)
Provision (benefit) for income taxes	22,100	(3,677)	17,997	(2,685)
Income (loss) from continuing operations, net of tax	63,973	(17,334)	39,263	(14,856)
Loss from discontinued operations, net of tax	(5,455)	(4,429)	(14,597)	(14,087)
Net income (loss)	58,518	(21,763)	24,666	(28,943)
Income attributable to noncontrolling interest	—	166	—	166
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$ 58,518	$ (21,929)	$ 24,666	$ (29,109)
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:				
Income (loss) from continuing operations	$ 0.76	$ (0.22)	$ 0.47	$ (0.19)
Loss from discontinued operations	(0.07)	(0.05)	(0.18)	(0.17)
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:	$ 0.70	$ (0.27)	$ 0.29	$ (0.36)
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:				
Income (loss) from continuing operations	$ 0.76	$ (0.22)	$ 0.47	$ (0.19)
Loss from discontinued operations	(0.07)	(0.05)	(0.18)	(0.17)
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:	$ 0.69	$ (0.27)	$ 0.29	$ (0.36)

See notes to condensed consolidated financial statements.
Net income (loss) per share amounts may not foot since each is calculated independently.

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

(in thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income (loss)	$ 58,518	$ (21,763)	$ 24,666	$ (28,943)
Changes in defined benefit pension plans, net of tax of $317, $218, $891, $528	1,002	648	2,803	1,569
Other	6	—	18	—
Total comprehensive income (loss)	59,526	(21,115)	27,487	(27,374)
Less comprehensive net income attributable to noncontrolling interest	—	166	—	166
Total comprehensive income (loss) attributable to the shareholders of The E.W. Scripps Company	$ 59,526	$ (21,281)	$ 27,487	$ (27,540)

See notes to condensed consolidated financial statements.

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

(in thousands)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash Flows from Operating Activities:		
Net income (loss)	$ 24,666	$ (28,943)
Loss from discontinued operations, net of tax	(14,597)	(14,087)
Income (loss) from continuing operations, net of tax	39,263	(14,856)
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:		
Depreciation and amortization	80,846	58,199
(Gains) losses, net on disposal of property and equipment	728	306
Programming assets and liabilities	(31,960)	7,654
Deferred income taxes	32,019	(2,651)
Stock and deferred compensation plans	12,233	11,368
Pension expense, net of contributions	(27,218)	(9,630)
Other changes in certain working capital accounts, net	58,416	(30,758)
Miscellaneous, net	14,000	8,537
Net cash provided by operating activities from continuing operations	178,327	28,169
Net cash used in operating activities from discontinued operations	(18,528)	(17,162)
Net operating activities	159,799	11,007
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	2,500	(1,190,631)
Acquisition of intangible assets	(1,480)	(24,475)
Additions to property and equipment	(38,086)	(41,667)
Purchase of investments	(5,453)	(1,453)
Proceeds from FCC repack	19,164	3,965
Miscellaneous, net	3,980	(41)
Net cash used in investing activities from continuing operations	(19,375)	(1,254,302)
Net cash used in investing activities from discontinued operations	(333)	(108)
Net investing activities	(19,708)	(1,254,410)
Cash Flows from Financing Activities:		
Net borrowings under revolving credit facility	—	20,000
Proceeds from issuance of long-term debt	—	1,261,175
Payments on long-term debt	(7,959)	(6,075)
Deferred financing costs	—	(31,295)
Dividends paid	(12,415)	(12,274)
Repurchase of Class A Common shares	—	(584)
Tax payments related to shares withheld for vested stock and RSUs	(2,323)	(3,716)
Miscellaneous, net	(21,837)	(4,437)
Net cash provided by (used in) financing activities from continuing operations	(44,534)	1,222,794
Effect of foreign exchange rates on cash and cash equivalents	23	2
Increase (decrease) in cash and cash equivalents	95,580	(20,607)
Cash and cash equivalents:		
Beginning of year	32,968	107,114
End of period	$ 128,548	$ 86,507
Supplemental Cash Flow Disclosures		
Interest paid	$ 65,581	$ 41,965
Income taxes paid	$ 434	$ 11,878
Non-cash investing information		
Capital expenditures included in accounts payable	$ 2,015	$ 1,587

See notes to condensed consolidated financial statements.

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

Three Months Ended September 30, 2020 and 2019 *(in thousands, except per share data)*	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Noncontrolling Interest	Total Equity
As of June 30, 2020	$ 815	$ 1,123,067	$ (163,092)	$ (97,176)	$ —	$ 863,614
Comprehensive income (loss)	—	—	58,518	1,008	—	59,526
Cash dividend: declared and paid - $0.05 per share	—	—	(4,156)	—	—	(4,156)
Compensation plans:83,073 net shares issued *	1	4,082	—	—	—	4,083
As of September 30, 2020	$ 816	$ 1,127,149	$ (108,730)	$ (96,168)	$ —	$ 923,067

** Net of tax payments related to shares withheld for vested RSUs of $31 for the three months ended September 30, 2020.*

As of June 30, 2019	$ 809	$ 1,111,849	$ (101,529)	$ (94,476)	$ —	$ 916,653
Comprehensive income (loss)	—	—	(21,929)	648	166	(21,115)
Cash dividend: declared and paid - $0.05 per share	—	—	(4,154)	—	—	(4,154)
Compensation plans: 41,612 net shares issued *	—	2,390	—	—	—	2,390
As of September 30, 2019	$ 809	$ 1,114,239	$ (127,612)	$ (93,828)	$ 166	$ 893,774

** Net of tax payments related to shares withheld for vested RSUs of $16 for the three months ended September 30, 2019.*

Nine Months Ended September 30, 2020 and 2019 *(in thousands, except per share data)*	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Noncontrolling Interest	Total Equity
As of December 31, 2019	$ 810	$ 1,117,095	$ (120,981)	$ (98,989)	$ —	$ 897,935
Comprehensive income (loss)	—	—	24,666	2,821	—	27,487
Cash dividend: declared and paid - $0.15 per share	—	—	(12,415)	—	—	(12,415)
Compensation plans: 639,389 net shares issued *	6	10,054	—	—	—	10,060
As of September 30, 2020	$ 816	$ 1,127,149	$ (108,730)	$ (96,168)	$ —	$ 923,067

** Net of tax payments related to shares withheld for vested RSUs of $2,323 for the nine months ended September 30, 2020.*

As of December 31, 2018	$ 807	$ 1,106,984	$ (86,229)	$ (95,397)	$ —	$ 926,165
Comprehensive income (loss)	—	—	(29,109)	1,569	166	(27,374)
Cash dividend: declared and paid - $0.15 per share	—	—	(12,274)	—	—	(12,274)
Repurchase of 180,541 Class A Common shares	(2)	(582)	—	—	—	(584)
Compensation plans: 425,548 net shares issued *	4	7,837	—	—	—	7,841
As of September 30, 2019	$ 809	$ 1,114,239	$ (127,612)	$ (93,828)	$ 166	$ 893,774

** Net of tax payments related to shares withheld for vested RSUs of $3,716 for the nine months ended September 30, 2019.*

See notes to condensed consolidated financial statements.

1. Summary of Significant Accounting Policies

As used in the Notes to Condensed Consolidated Financial Statements, the terms “Scripps,” “Company,” “we,” “our,” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

Basis of Presentation — The condensed 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 interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto included in our 2019 Annual Report on Form 10-K. 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. Additionally, certain amounts in prior periods have been reclassified to conform to the current period's presentation.

Principles of Consolidation — The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. We are the primary beneficiary of a VIE when we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Noncontrolling interest represents an owner’s share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Investments in entities over which we have significant influence but not control are accounted for using the equity method of accounting. Income from equity method investments represents our proportionate share of net income generated by equity method investees.

Nature of Operations — We are a diverse media enterprise, serving audiences and businesses through a portfolio of local television stations and national media brands. All of our businesses provide content and services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: Local Media, National Media and Other. Additional information for our business segments is presented in the Notes to Condensed Consolidated Financial Statements.

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

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets, goodwill and indefinite lived assets; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; the fair value of assets acquired and liabilities assumed in business combinations; and self-insured risks.

While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could differ from those estimated at the time of preparation of the financial statements.

Nature of Products and Services — The following is a description of principal activities from which we generate revenue.

Core Advertising **—** Core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast air time, as well as digital advertising. Pricing of advertising time is based on audience size and share, the demographic of our audiences and the demand for our limited inventory of commercial time. Advertising time is sold through a combination of local sales staff and national sales representative firms. Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.

Political Advertising **—** Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state and local issues. It is also sold to political action groups (PACs) or other advocacy groups.

Retransmission Revenues **—** We earn revenue from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. We also receive fees from over-the-top virtual MVPDs such as Hulu, YouTubeTV and AT&T Now. The fees we receive are typically based on the number of subscribers in our local market and the contracted rate per subscriber.

Other Products and Services **—** We derive revenue from sponsorships and community events through our Local Media segment. Our National Media segment offers subscription services for access to premium content to its customers. Our Triton business earns revenue from monthly fees charged to audio publishers for converting their content into digital audio streams and inserting digital advertising into those audio streams and providing statistical measurement information about their listening audience.

Refer to Note 12. Segment Information for further information, including revenue by significant product and service offering.

Revenue Recognition — Revenue is measured based on the consideration we expect to be entitled to in exchange for promised goods or services provided to customers, and excludes any amounts collected on behalf of third parties. Revenue is recognized upon transfer of control of promised products or services to customers.

Advertising **—** Advertising revenue is recognized, net of agency commissions, over time primarily as ads are aired or impressions are delivered and any contracted audience guarantees are met. We apply the practical expedient to recognize revenue at the amount we have the right to invoice, which corresponds directly to the value a customer has received relative to our performance. For advertising sold based on audience guarantees, audience deficiency may result in an obligation to deliver additional advertisements to the customer. To the extent that we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience guarantee has been satisfied.

Retransmission **—** Retransmission revenues are considered licenses of functional intellectual property and are recognized at the point in time the content is transferred to the customer. MVPDs report their subscriber numbers to us generally on a 30- to 90-day lag. Prior to receiving the MVPD reporting, we record revenue based on estimates of the number of subscribers, utilizing historical levels and trends of subscribers for each MVPD.

Other **—** Revenues generated by our Triton business are recognized on a ratable basis over the contract term as the monthly service is provided to the customer.

Transaction Price Allocated to Remaining Performance Obligations — As of September 30, 2020, we had an aggregate transaction price of $52.8 million allocated to unsatisfied performance obligations related to contracts within our Triton business, most of which is expected to be recognized into revenue over the next 24 months.

We did not disclose the value of unsatisfied performance obligations on any other contracts with customers because they are either (i) contracts with an original expected term of one year or less, (ii) contracts for which the sales- or usage-based royalty exception was applied, or (iii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Contract Balances — Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing.

Payment terms may vary by contract type, although our terms generally include a requirement of payment within 30 to 90 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers.

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We estimate the allowance based on expected credit losses, including our historical experience of actual losses and known troubled accounts. The allowance for doubtful accounts totaled $3.7 million at September 30, 2020 and $3.3 million at December 31, 2019.

We record unearned revenue when cash payments are received in advance of our performance. We generally require amounts payable under advertising contracts with political advertising customers to be paid in advance. Unearned revenue totaled $34.5 million at September 30, 2020 and is expected to be recognized within revenue over the next 12 months. Unearned revenue totaled $10.7 million at December 31, 2019. We recorded $9.2 million of revenue in the nine months ended September 30, 2020 that was included in unearned revenue at December 31, 2019.

Leases — We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities and operating lease liabilities in our condensed consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable for most of our leases, we use our incremental borrowing rate when determining the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease. The operating lease ROU asset also includes any payments made at or before commencement and is reduced by any lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Share-Based Compensation — We have a Long-Term Incentive Plan (the "Plan") which is described more fully in our 2019 Annual Report on Form 10-K. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs) and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

Share-based compensation costs totaled $3.0 million and $2.0 million for the third quarter of 2020 and 2019, respectively. Year-to-date share-based compensation totaled $10.2 million and $10.5 million in 2020 and 2019, respectively.

Earnings Per Share ("EPS") — Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our RSUs, are considered participating securities for purposes of calculating EPS. Under the two-class method, we allocate a portion of net income to these participating securities and, therefore, exclude that income from the calculation of EPS for common stock. We do not allocate losses to the participating securities.

The following table presents information about basic and diluted weighted-average shares outstanding:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2020	2019	2020	2019
Numerator (for basic and diluted earnings per share)				
Income (loss) from continuing operations, net of tax	$ 63,973	$ (17,334)	$ 39,263	$ (14,856)
Income attributable to noncontrolling interest	—	(166)	—	(166)
Less income allocated to RSUs	(1,748)	—	(921)	—
Numerator for basic and diluted earnings per share from continuing operations attributable to the shareholders of The E.W. Scripps Company	$ 62,225	$ (17,500)	$ 38,342	$ (15,022)
Denominator				
Basic weighted-average shares outstanding	81,522	80,877	81,340	80,791
Effect of dilutive securities:				
Restricted stock units	566	—	279	—
Diluted weighted-average shares outstanding	82,088	80,877	81,619	80,791

For the three and nine months ended September 30, 2019, we incurred a net loss and the inclusion of RSUs would have been anti-dilutive. Accordingly, the diluted EPS calculation excludes the effect from 1.4 million of outstanding RSUs as of September 30, 2019. As of September 30, 2020, we had 0.5 million of outstanding RSUs that were anti-dilutive.

2. Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards — In December 2019, the Financial Accounting Standards Board ("FASB") issued new guidance that simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The guidance also clarifies and amends existing guidance in order to improve the consistent application of, and simplify GAAP for, other areas of Topic 740. It is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We elected to early adopt this standard effective January 1, 2020, with no material impact on our condensed consolidated financial statements.

In March 2019, the FASB issued new guidance to align the accounting for the costs of producing films and episodic television series in response to changes in production and distribution models in the media and entertainment industry. The new guidance amends the capitalization, amortization, impairment, presentation and disclosure requirements for entities that produce and own content, and also aligns the impairment guidance for licensed content to the owned content fair value model. This guidance applies to broadcasters and entities that produce and distribute films and episodic television series through both traditional mediums and digital mediums. We adopted the standard on January 1, 2020. Upon adoption in 2020, we began recording all licensed programming assets and programming assets produced by us as non-current assets in our condensed consolidated balance sheets. The adoption of the standard had no material impact on our condensed consolidated statements of operations.

In August 2018, the FASB issued new guidance to address a customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The new guidance aligns the accounting for costs incurred to implement a CCA that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. We adopted the standard on January 1, 2020, with no material impact on our condensed consolidated financial statements.

In June 2016, the FASB issued new guidance that changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking “expected loss” model that will replace today’s “incurred loss” model, which generally will result in the earlier recognition of allowances for losses. We adopted the standard on January 1, 2020. Considering current and expected future economic and market conditions related to COVID-19, we increased our allowances for accounts receivable $0.7 million upon adoption in the first quarter of 2020. The adoption of the standard did not result in any other material impacts to our condensed consolidated financial statements and related disclosures.

Recently Issued Accounting Standards — In March 2020, the FASB issued new guidance that provides optional expedients and exceptions to certain accounting requirements to facilitate the transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates. The guidance is effective as of March 12, 2020 and will apply through December 31, 2022 to all entities, subject to meeting certain criteria, that have contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. We will evaluate transactions or contract modifications occurring as a result of reference rate reform to determine whether to apply the optional guidance on an ongoing basis.

In August 2018, the FASB issued new guidance to add, remove and clarify annual disclosure requirements related to defined benefit pension and other postretirement plans. The guidance is effective for fiscal years ending after December 15, 2020 with early adoption permitted, and it should be applied on a retrospective basis. We believe the main impact of this guidance will be to no longer disclose the amount in accumulated other comprehensive income that is expected to be recognized as part of net periodic benefit cost over the next year. Additionally, we will have to add a narrative description for any significant gains and losses affecting the benefit obligation for the period. We are currently evaluating the impact of this guidance on our disclosures.

3. Acquisitions

Television Stations Acquisitions

On September 19, 2019, we closed on the acquisition of eight television stations in seven markets from the Nexstar Media Group, Inc. ("Nexstar") transaction with Tribune Media Company ("Tribune"). Cash consideration for the transaction totaled $582 million. Seven of the stations were operated by Tribune, and its subsidiaries, and one was operated by Nexstar. Nexstar was required to divest these stations in order to complete its acquisition of Tribune.

On May 1, 2019, we acquired 15 television stations in 10 markets from Cordillera Communications, LLC ("Cordillera"), for $521 million in cash, plus a working capital adjustment of $23.9 million. In the second quarter of 2020, we received cash consideration and reduced the purchase price by $2.5 million related to an indemnification claim on certain acquired assets.

Effective January 1, 2019, we acquired three television stations owned by Raycom Media ("Raycom") — Waco, Texas ABC affiliate KXXV/KRHD and Tallahassee, Florida ABC affiliate WTXL — for $55 million in cash. These stations were divested as part of Gray Television's acquisition of Raycom.

The following table summarizes the final fair values of the Raycom, Cordillera and Nexstar-Tribune assets acquired and liabilities assumed at the closing dates.

(in thousands)	Raycom	Cordillera	Nexstar-Tribune	Total
Accounts receivable	$ —	$ 26,770	$ —	$ 26,770
Current portion of programming	—	—	11,997	11,997
Other current assets	—	986	3,541	4,527
Property and equipment	11,721	53,734	61,569	127,024
Operating lease right-of-use assets	296	4,667	82,447	87,410
Programming (less current portion)	—	—	9,830	9,830
Goodwill	18,349	251,681	168,196	438,226
Indefinite-lived intangible assets - FCC licenses	6,800	26,700	176,000	209,500
Amortizable intangible assets:				
Television network affiliation relationships	17,400	169,400	181,000	367,800
Advertiser relationships	700	5,900	7,100	13,700
Other intangible assets	—	13,000	—	13,000
Accounts payable	—	(15)	—	(15)
Accrued expenses	—	(5,750)	(4,586)	(10,336)
Current portion of programming liabilities	—	—	(16,211)	(16,211)
Other current liabilities	—	(280)	(3,185)	(3,465)
Operating lease liabilities	(296)	(4,387)	(79,766)	(84,449)
Programming liabilities	—	—	(15,607)	(15,607)
Net purchase price	$ 54,970	$ 542,406	$ 582,325	$ 1,179,701

Of the value allocated to amortizable intangible assets, television network affiliation relationships have an estimated amortization period of 20 years, advertiser relationships have estimated amortization periods of 5-10 years and the value allocated to a shared services agreement has an estimated amortization period of 20 years.

The goodwill of $438 million arising from the transactions consists largely of synergies, economies of scale and other benefits of a larger broadcast footprint. We allocated the goodwill to our Local Media segment. We treated the transactions as asset acquisitions for income tax purposes resulting in a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

Omny Studio

On June 10, 2019, we completed the acquisition of Omny Studio ("Omny") for a cash purchase price of $8.3 million. Omny is a Melbourne, Australia-based podcasting software-as-a-service company operating as a part of Triton in our National Media segment. Omny is an audio-on-demand platform built specifically for professional audio publishers. The platform enables audio publishers to seamlessly record, edit, distribute, monetize and analyze podcast content; replace static ads with dynamically inserted, highly targeted ads; and automates key aspects of campaign management, such as industry separation, frequency capping and volume normalization.

The final purchase price allocation assigned $5.3 million to goodwill, $3.8 million to a developed technology intangible asset and the remainder was allocated to various working capital and deferred tax liability accounts. The developed technology intangible asset has an estimated amortization period of 10 years. The goodwill arising from the transaction consists largely of the fact that the addition of Omny's podcast and on-demand audio publishing platform to Triton's portfolio of streaming, advertising and measurement technologies provides audio publishers around the world with a full-stack enterprise solution to increase reach and revenue.

Pro forma results of operations

Pro forma results of operations, assuming the Cordillera and Nexstar-Tribune acquisitions had taken place at the beginning of 2019, are presented in the following table. The pro forma results do not include Raycom or Omny Studio, as the impact of these acquisitions, individually or in the aggregate, is not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps, Cordillera and Nexstar-Tribune, as well as adjustments for additional depreciation and amortization of the assets acquired, additional interest expense related to the financing of the transactions and other transactional adjustments. The pro forma results exclude the $19.9 million of transaction related costs that were expensed in conjunction with the acquisitions and do not include efficiencies, cost reductions or synergies expected to result from the acquisitions. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisitions been completed at the beginning of the period.

(in thousands, except per share data) (unaudited)		Nine Months Ended September 30, 2019
Operating revenues	$	1,149,438
Loss from continuing operations attributable to the shareholders of The E.W. Scripps Company, net of tax		(29,894)
Net loss per share from continuing operations attributable to the shareholders of The E.W. Scripps Company:		
Basic	$	(0.37)
Diluted		(0.37)

Pending acquisition

On September 23, 2020, we entered into an Agreement and Plan of Merger to buy national broadcast network ION Media for $2.65 billion. ION Media is a national network of broadcast stations and is the largest holder of U.S. broadcast television spectrum. The business distributes its programming through Federal Communications Commission-licensed television stations it owns as well as affiliated TV stations, reaching 96% of U.S. homes through its over-the-air broadcast and pay TV platforms. With the acquisition of ION Media, we will create a full-scale national television networks business by combining the ION network with the five Katz networks and national news network, Newsy.

The transaction will be financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's $600 million preferred equity investment in Scripps. Berkshire Hathaway also will receive a warrant to purchase up to 23.1 million Class A shares, at an exercise price of $13 per share.

To comply with ownership rules of the Federal Communications Commission, we will need to divest of up to 26 television stations, which will be purchased by INYO Broadcast Holdings, LLC upon completion of the merger. The number of stations we will sell to INYO depends on whether our application to sell WPIX, our television station in New York City, is approved by the FCC before the closing date of the ION Media transaction. These divested stations will become independent affiliates of ION Media pursuant to long-term affiliation agreements. The transaction will close upon satisfaction of normal customary closing conditions and regulatory approval.

4. Asset Write-Downs and Other Charges and Credits

Income (loss) from continuing operations before income taxes was affected by the following:

2020 - Acquisition and related integration costs of $10.9 million in the third quarter of 2020 and $16.1 million in the first nine months of 2020 reflect contract termination costs and professional service costs incurred to integrate the Cordillera and Nexstar-Tribune television stations, as well as costs incurred for the pending ION Media transaction.

2019 - Acquisition and related integration costs of $16.7 million in the third quarter of 2019 and $23.0 million in the first nine months of 2019 reflect investment banking and legal fees incurred to complete the 2019 acquisitions, as well as professional service costs incurred to integrate Triton and the Raycom, Cordillera and Nexstar-Tribune television stations.

5. Income Taxes

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

The income tax provision for interim periods is generally determined based upon the expected effective income tax rate for the full year and the tax rate applicable to certain discrete transactions in the interim period. To determine the annual effective income tax rate, we must estimate both the total income (loss) before income tax for the full year and the jurisdictions in which that income (loss) is subject to tax. The actual effective income tax rate for the full year may differ from these estimates if income (loss) before income tax is greater than or less than what was estimated or if the allocation of income (loss) 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 (loss) before income tax for the full year and the jurisdictions in which we expect that income will be taxed.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted and signed into law. The CARES Act includes several provisions for corporations including increasing the amount of deductible interest, allowing companies to carryback certain net operating losses (“NOLs”) and increasing the amount of NOLs that corporations can use to offset income. The CARES Act did not materially affect our third quarter or year-to-date income tax provision. We received an additional tax refund of $14.0 million from the carryback of NOLs to prior periods in October 2020. We are currently assessing the future implications of these provisions within the CARES Act on our condensed consolidated financial statements, but do not expect the impact to be material.

The effective income tax rate for the nine months ended September 30, 2020 and 2019 was 31% and 15%, respectively. Differences between our effective income tax rate and the U.S. federal statutory rate are the impact of state taxes, foreign taxes, non-deductible expenses, changes in reserves for uncertain tax positions and excess tax benefits or expense from the exercise and vesting of share-based compensation awards ($1.2 million expense in 2020 and $0.8 million benefit in 2019). Additionally, in 2020, we had a net discrete tax provision charge of $3.5 million related to state deferred rate changes and state NOL valuation allowance reductions.

Deferred tax assets totaled $8.4 million at September 30, 2020, which includes the tax effect of state NOL carryforwards. We recognize state NOL carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

6. Leases

We have operating leases for office space, data centers and certain equipment. Our leases have remaining lease terms of 1 year to 20 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year. Operating lease costs recognized in our condensed consolidated statements of operations for the three months ended September 30, 2020 and 2019 totaled $4.8 million and $3.7 million, including short-term lease costs of $0.1 million. Year-to-date September 30, 2020 and 2019 costs totaled $14.4 million and $9.5 million, including short-term lease costs of $0.4 million and $0.2 million, respectively.

Other information related to our operating leases was as follows:

(in thousands, except lease term and discount rate)	As of September 30, 2020	As of December 31, 2019
Balance Sheet Information		
Right-of-use assets	$ 51,279	$ 128,192
Other current liabilities	10,867	15,051
Operating lease liabilities	40,171	113,648
Weighted Average Remaining Lease Term		
Operating leases	7.46 years	12.59 years
Weighted Average Discount Rate		
Operating leases	6.03 %	5.19 %

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of lease liabilities	$ 4,351	$ 3,568	$ 12,689	$ 9,316
Right-of-use assets obtained in exchange for lease obligations	2,713	2,188	4,455	3,330

Future minimum lease payments under non-cancellable operating leases as of September 30, 2020 were as follows:

(in thousands)	Operating Leases
Remainder of 2020	$ 5,989
2021	9,901
2022	8,758
2023	8,774
2024	7,430
Thereafter	22,999
Total future minimum lease payments	63,851
Less: Imputed interest	(12,813)
Total	$ 51,038

7. Goodwill and Other Intangible Assets

Goodwill consisted of the following:

(in thousands)	Local Media	National Media	Total
Gross balance as of December 31, 2019	$ 1,143,859	$ 318,734	$ 1,462,593
Accumulated impairment losses	(216,914)	(21,000)	(237,914)
Net balance as of December 31, 2019	$ 926,945	$ 297,734	$ 1,224,679
Gross balance as of September 30, 2020	$ 1,120,729	$ 318,718	$ 1,439,447
Accumulated impairment losses	(216,914)	(21,000)	(237,914)
Net balance as of September 30, 2020	$ 903,815	$ 297,718	$ 1,201,533

Other intangible assets consisted of the following:

(in thousands)	As of September 30, 2020	As of December 31, 2019
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	$ 616,244	$ 616,244
Customer lists and advertiser relationships	102,900	104,300
Other	104,036	102,956
Total carrying amount	823,180	823,500
Accumulated amortization:		
Television network affiliation relationships	(106,258)	(82,917)
Customer lists and advertiser relationships	(50,305)	(42,012)
Other	(34,166)	(23,811)
Total accumulated amortization	(190,729)	(148,740)
Net amortizable intangible assets	632,451	674,760
Indefinite-lived intangible assets — FCC licenses	349,915	385,915
Total other intangible assets	$ 982,366	$ 1,060,675

On April 4, 2019, we acquired assets from an independent station in Stuart, Florida, for $23.6 million in cash. The value attributed to the acquired FCC license totaled $19.2 million and $4.1 million of value was attributed to an other intangible asset.

Estimated amortization expense of intangible assets for each of the next five years is $14.4 million for the remainder of 2020, $55.3 million in 2021, $49.8 million in 2022, $44.3 million in 2023, $42.7 million in 2024, $40.0 million in 2025 and $386.0 million in later years.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and any time events occur or changes in circumstances indicate it is more likely than not the fair value of a reporting unit, or respective indefinite-lived intangible asset, is below its carrying value. Our reporting units are Local Media, Katz, Triton, Stitcher and Newsy. Such events or changes in circumstances include, but are not limited to, changes in business climate, declines in the price of our stock, or other factors resulting in lower cash flow related to such assets. If the carrying amount exceeds its fair value, then an impairment loss is recognized.

Weakness in economic conditions toward the end of the first quarter, reflecting the impact of the COVID-19 pandemic, and declines in our stock price, created indications of fair value declines for our reporting units as of March 31, 2020. Accordingly, during the first quarter, we considered impacts to the estimated fair values for each of our reporting units to determine if it was more likely than not that fair value had declined below carrying value. Our analysis primarily relied upon market data and discounted cash flow analyses. The use of a discounted cash flow approach requires significant judgment to estimate future cash flows of the business and the period of time over which those cash flows will occur, as well as to determine an appropriate discount rate. While we believe the estimates and judgments used in the discounted cash flow analyses for our reporting units were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates, could produce different estimates of value. During the third quarter of 2020, we continued to evaluate changes in facts and circumstances and market impacts resulting from the COVID-19 pandemic, including their impact on operating results and whether it was more likely than not that fair values of our reporting units had declined below carrying value.

We concluded that it was not more likely than not that the carrying value for any of our reporting units exceeded its fair value. However, the discounted cash flow values for each of our reporting units are lower than the values determined during our 2019 annual impairment test. In 2019, the fair value for our Local Media reporting unit exceeded its carrying value by approximately 25% and our other reporting units exceeded their carrying values by over 30%. The Local Media reporting unit has $0.9 billion of goodwill or 75% of the consolidated total for the Company.

We have also concluded that it was not more likely than not that the carrying value of any of our FCC licenses exceeded their fair values. Our FCC licenses are indefinite-lived assets that are not subject to amortization. The value of a FCC license is estimated using an income approach, which requires multiple assumptions relating to the future prospects of each individual FCC license. While we believe the estimates and judgments used in determining that it was not more likely than not that the carrying values of the FCC licenses exceeded fair values were appropriate, different assumptions with respect to the income approach could produce different estimates of value. For example, as it relates to our 2019 annual impairment test, a 50-basis point increase in discount rates would reduce the aggregate fair value of the FCC licenses by approximately $65 million.

8. Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	As of September 30, 2020	As of December 31, 2019
Revolving credit facility	$ —	$ —
Senior unsecured notes, due in 2025	400,000	400,000
Senior unsecured notes, due in 2027	500,000	500,000
Term loan, due in 2024	291,000	293,250
Term loan, due in 2026	753,563	759,272
Total outstanding principal	1,944,563	1,952,522
Less: Debt issuance costs and issuance discounts	(33,090)	(37,492)
Less: Current portion	(10,612)	(10,612)
Net carrying value of long-term debt	$ 1,900,861	$ 1,904,418
Fair value of long-term debt *	$ 1,897,141	$ 1,991,164

* Fair values of the 2025 and 2027 Senior Notes are estimated based on quoted private market transactions and are classified as Level 1 in the fair value hierarchy. The fair values of the term loans are based on observable estimates provided by third party financial professionals, and as such, are classified within Level 2 of the fair value hierarchy.

2025 Senior Unsecured Notes

On April 28, 2017, we issued $400 million senior unsecured notes ("the 2025 Senior Notes"), which bear interest at a rate of 5.125% per annum and mature on May 15, 2025. The 2025 Senior Notes were priced at 100% of par value and interest is payable semi-annually on May 15 and November 15. If we sell certain of our assets or have a change of control, the holders of the 2025 Senior Notes may require us to repurchase some or all of the notes. The 2025 Senior Notes are also guaranteed by us and the majority of our subsidiaries. The 2025 Senior Notes contain covenants that, among other things, limit the ability to incur additional debt, make certain restricted payments, and/or create liens, that are typical for borrowing transactions of this nature.

We incurred approximately $7.0 million of deferred financing costs in connection with the issuance of the 2025 Senior Notes, which are being amortized over the life of the notes.

2027 Senior Unsecured Notes

On July 26, 2019, our wholly-owned subsidiary, Scripps Escrow, Inc. ("Scripps Escrow"), issued $500 million of senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on July 15, 2027 ("the 2027 Senior Notes"). The 2027 Senior Notes were priced at 100% of par value and interest is payable semi-annually on July 15 and January 15, commencing on January 15, 2020. Prior to July 15, 2022, we may redeem up to 40% of the aggregate principal amount of the 2027 Senior Notes at a redemption price of 105.875% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the notes before 2022 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date. If we sell certain of our assets or have a change of control, the holders of the 2027 Senior Notes may require us to repurchase some or all of the notes. The 2027 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of our existing and future domestic restricted subsidiaries. The 2027 Senior Notes contain covenants that, among other things, limit the ability to incur additional debt, make certain restricted payments, and/or create liens, that are typical for borrowing transactions of this nature. There are no registration rights associated with the 2027 Senior Notes.

We incurred approximately $10.7 million of deferred financing costs in connection with the issuance of the 2027 Senior Notes, which are being amortized over the life of the notes.

Scripps Senior Secured Credit Agreement

On October 2, 2017, we issued a $300 million term loan B which matures in October 2024 ("2024 term loan"). We amended the term loan on April 4, 2018, reducing the interest rate by 25 basis points. Following the amendment, interest is payable on the 2024 term loan at a rate based on LIBOR, plus a fixed margin of 2.00%. Interest will reduce to a rate of LIBOR plus a fixed margin of 1.75% if the Company's total net leverage, as defined by the amended agreement, is below 2.75. The 2024 term loan requires annual principal payments of $3 million.

As of September 30, 2020 and December 31, 2019, the interest rate on the 2024 term loan was 2.15% and 3.80%, respectively. The weighted-average interest rate was 2.16% and 4.25% for the nine months ended September 30, 2020 and 2019, respectively.

On May 1, 2019, we entered into a Fourth Amendment to the Third Amended and Restated Credit Agreement ("Fourth Amendment"). Under the Fourth Amendment, we issued a $765 million term loan B ("2026 term loan") that matures in May 2026 with interest payable at rates based on LIBOR, plus a fixed margin of 2.75%. We amended this term loan on December 18, 2019, reducing the interest rate by 25 basis points. Following the amendment, interest is payable on the 2026 term loan at a rate based on LIBOR, plus a fixed margin of 2.50%. The 2026 term loan requires annual principal payments of $7.6 million. Deferred financing costs and original issuance discount totaled approximately $23.0 million with this term loan, which are being amortized over the life of the loan.

As of September 30, 2020 and December 31, 2019, the interest rate on the 2026 term loan was 2.65% and 4.30%, respectively. The weighted-average interest rate on the term loan was 2.66% for the nine months ended September 30, 2020. The weighted-average interest rate on the term loan was 5.00% for the months it was outstanding during 2019.

We have a $210 million revolving credit facility ("Revolving Credit Facility") that expires in April 2022. Commitment fees of 0.30% to 0.50% per annum, based on our leverage ratio, of the total unused commitment are payable under the Revolving Credit Facility. Interest is payable on the Revolving Credit Facility at rates based on LIBOR, plus a margin based on our leverage ratio, ranging from 1.75% to 2.50%. As of September 30, 2020, we had no borrowings under the Revolving Credit Facility. The weighted-average interest rate over the period during which we had a drawn revolver balance in 2020 was 2.46%. As of September 30, 2020 and December 31, 2019, we had outstanding letters of credit totaling $6.0 million under the Revolving Credit Facility.

The Senior Secured Credit Agreement contains covenants that limit our ability to incur additional debt and provides for restrictions on certain payments (dividends and share repurchases). Additionally, we must be in compliance with certain leverage ratios in order to proceed with acquisitions. Our credit agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. We granted the lenders pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property including cash, accounts receivables and equipment. In addition, the Revolving Credit Facility contains a covenant to comply with a maximum first lien net leverage ratio of 4.5 to 1.0 when we have outstanding borrowings on the facility. As of September 30, 2020, we were in compliance with our financial covenants.

Debt Repurchase Authorization

In November 2020, our Board of Directors authorized a debt repurchase program pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our 2025 Senior Notes, 2027 Senior Notes, or any indebtedness incurred from the financing of the pending ION Media acquisition. The authorization permits an aggregate principal amount reduction of up to $500 million if the pending ION Media acquisition closes or up to $100 million if the pending acquisition fails to close. The authorization expires on March 1, 2023.

9. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	As of September 30, 2020	As of December 31, 2019
Employee compensation and benefits	$ 35,098	$ 21,403
Deferred FCC repack income	44,752	36,770
Programming liability	38,632	57,291
Liability for pension benefits	158,815	190,219
Other	10,286	10,265
Other liabilities (less current portion)	$ 287,583	$ 315,948

10. Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
(in thousands)	2020	2019
Accounts receivable	$ 5,822	$ (20,542)
Other current assets	7,366	(7,084)
Accounts payable	30,212	15,156
Accrued employee compensation and benefits	(4,527)	(4,769)
Accrued interest	(1,323)	10,508
Other accrued liabilities	(2,812)	(4,004)
Unearned revenue	23,806	(2,501)
Other, net	(128)	(17,522)
Total	$ 58,416	$ (30,758)

11. Employee Benefit Plans

We sponsor a noncontributory defined benefit pension plan and non-qualified Supplemental Executive Retirement Plans ("SERPs"). The accrual for future benefits has been frozen in our defined benefit pension plan and SERPs.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees' voluntary contributions to this plan.

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.

The components of the employee benefit plans expense consisted of the following:

(in thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Interest cost	$ 5,014	$ 5,865	$ 14,849	$ 17,465
Expected return on plan assets, net of expenses	(5,250)	(4,865)	(15,762)	(14,981)
Amortization of actuarial loss and prior service cost	1,255	823	3,504	1,967
Total for defined benefit pension plan	1,019	1,823	2,591	4,451
Multi-employer plans	15	4	76	103
SERPs	242	248	722	756
Defined contribution plan	3,060	2,743	10,541	7,433
Net periodic benefit cost	4,336	4,818	13,930	12,743
Allocated to discontinued operations	(171)	(103)	(497)	(293)
Net periodic benefit cost — continuing operations	$ 4,165	$ 4,715	$ 13,433	$ 12,450

We contributed $0.8 million to fund current benefit payments for our SERPs and $29.7 million for our defined benefit pension plan during the nine months ended September 30, 2020. During the remainder of 2020, we anticipate contributing an additional $0.5 million to fund the SERPs' benefit payments. We are required to contribute an additional $2.9 million to fund our qualified defined benefit pension plan in order to meet our 2020 funding requirements under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. In response to COVID-19, President Donald Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act provides a provision to defer 2020 pension contributions until January 1, 2021. We did not choose to delay the payment of 2020 pension contributions with respect to this permitted CARES Act provision.

12. Segment Information

We determine our business segments based upon our management and internal reporting structures, as well as the basis on which our chief operating decision maker makes resource-allocation decisions. We report our financial performance based on the following segments: Local Media, National Media, Other.

Our Local Media segment includes our 60 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 13 CW affiliates - five on full power stations and eight on multicast; two MyNetworkTV affiliates; two independent stations and nine additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunications companies and satellite carriers. We also receive retransmission fees from over-the-top virtual MVPDs such as Hulu, YouTubeTV and AT&T Now.

Our National Media segment includes our collection of national brands. Our national brands include Katz, Newsy, Triton and other national brands. These operations earn revenue primarily through the sale of advertising.

We allocate a portion of certain corporate costs and expenses, including information technology, certain employee benefits and shared services, to our business segments. The allocations are generally amounts agreed upon by management, which may differ from an arms-length amount.

Our chief operating decision maker evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan expense, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Information regarding our business segments is as follows:

(in thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Segment operating revenues:				
Local Media	$ 403,769	$ 252,392	$ 1,002,320	$ 692,494
National Media	89,413	78,285	260,835	231,937
Other	80	180	3,213	3,913
Total operating revenues	$ 493,262	$ 330,857	$ 1,266,368	$ 928,344
Segment profit (loss):				
Local Media	$ 144,561	$ 49,678	$ 232,798	$ 138,180
National Media	12,138	9,727	39,879	31,414
Other	(1,566)	(1,270)	(1,632)	(3,188)
Shared services and corporate	(12,128)	(14,167)	(43,705)	(43,444)
Acquisition and related integration costs	(10,928)	(16,736)	(16,059)	(23,004)
Restructuring costs	—	(27)	—	(1,922)
Depreciation and amortization of intangible assets	(26,856)	(21,661)	(80,846)	(58,199)
Gains (losses), net on disposal of property and equipment	2,012	11	(728)	(306)
Interest expense	(21,387)	(26,537)	(70,184)	(53,476)
Defined benefit pension plan expense	(1,261)	(2,071)	(3,313)	(5,207)
Miscellaneous, net	1,488	2,042	1,050	1,611
Income (loss) from continuing operations before income taxes	$ 86,073	$ (21,011)	$ 57,260	$ (17,541)
Depreciation:				
Local Media	$ 10,455	$ 8,197	$ 32,719	$ 24,179
National Media	1,691	1,233	4,328	3,090
Other	76	43	154	120
Shared services and corporate	346	360	1,114	1,069
Total depreciation	$ 12,568	$ 9,833	$ 38,315	$ 28,458
Amortization of intangible assets:				
Local Media	$ 9,133	$ 7,438	$ 28,453	$ 16,864
National Media	4,816	4,052	13,063	11,862
Shared services and corporate	339	338	1,015	1,015
Total amortization of intangible assets	$ 14,288	$ 11,828	$ 42,531	$ 29,741
Additions to property and equipment:				
Local Media	$ 9,134	$ 8,460	$ 35,351	$ 30,351
National Media	1,375	2,150	3,416	10,712
Other	51	308	56	518
Shared services and corporate	78	374	294	980
Total additions to property and equipment	$ 10,638	$ 11,292	$ 39,117	$ 42,561

A disaggregation of the principal activities from which we generate revenue is as follows:

(in thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating revenues:				
Core advertising	$ 221,713	$ 210,621	$ 638,275	$ 587,073
Political	98,313	5,037	131,749	8,033
Retransmission and carriage	153,888	97,128	437,121	277,736
Other	19,348	18,071	59,223	55,502
Total operating revenues	$ 493,262	$ 330,857	$ 1,266,368	$ 928,344

13. Capital Stock

Capital Stock — We have two classes of common shares, Common Voting shares and Class A Common shares. The Class A Common shares are only entitled to vote on the election of the greater of three or one-third of the directors and other matters as required by Ohio law.

Share Repurchase Plan — Shares may be repurchased from time to time at management's discretion. Shares can be repurchased under an authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. In November 2016, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares. We repurchased a total of $50.3 million of shares under this authorization prior to its expiration on March 1, 2020. In February 2020, our Board of Directors authorized a new share repurchase program of up to $100 million of our Class A Common shares through March 1, 2022. No shares were repurchased under either authorization during the nine months ended September 30, 2020. During the nine months ended September 30, 2019, we repurchased $0.6 million of shares at prices ranging from $15.54 to $18.72 per share.

14. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) ("AOCI") by component, including items reclassified out of AOCI, were as follows:

	Three Months Ended September 30, 2020		
(in thousands)	Defined Benefit Pension Items	Other	Total
Beginning balance, June 30, 2020	$ (96,933)	$ (243)	$ (97,176)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $317[(a)]	1,002	6	1,008
Net current-period other comprehensive income (loss)	1,002	6	1,008
Ending balance, September 30, 2020	$ (95,931)	$ (237)	$ (96,168)

	Three Months Ended September 30, 2019		
(in thousands)	Defined Benefit Pension Items	Other	Total
Beginning balance, June 30, 2019	$ (94,444)	$ (32)	$ (94,476)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $218[(a)]	648	—	648
Net current-period other comprehensive income (loss)	648	—	648
Ending balance, September 30, 2019	$ (93,796)	$ (32)	$ (93,828)

	Nine Months Ended September 30, 2020		
(in thousands)	Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2019	$ (98,734)	$ (255)	$ (98,989)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $891[(a)]	2,803	18	2,821
Net current-period other comprehensive income (loss)	2,803	18	2,821
Ending balance, September 30, 2020	$ (95,931)	$ (237)	$ (96,168)

(in thousands)	Nine Months Ended September 30, 2019 Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2018	$ (95,365)	$ (32)	$ (95,397)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $528[a]	1,569	—	1,569
Net current-period other comprehensive income (loss)	1,569	—	1,569
Ending balance, September 30, 2019	$ (93,796)	$ (32)	$ (93,828)

[a] Actuarial gain (loss) is included in defined benefit pension plan expense in the condensed consolidated statements of operations

15. Assets Held for Sale and Discontinued Operations

Stitcher

During the second quarter of 2020, our Board of Directors approved the sale of our Stitcher podcasting business. On July 10, 2020, we signed a definitive agreement to sell the business for $325 million, with $265 million of cash upfront; earnout of up to $30 million based on 2020 financial results and paid in 2021; and earnout of up to $30 million based on 2021 financial results and paid in 2022. The transaction closed on October 16, 2020.

Beginning in the second quarter of 2020, Stitcher was classified as discontinued operations in our condensed consolidated financial statements for all periods presented.

Operating results of our discontinued Stitcher operations were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2020	2019	2020	2019
Operating revenues	$ 19,956	$ 18,937	$ 53,652	$ 51,108
Total costs and expenses	(27,043)	(23,414)	(72,106)	(65,758)
Depreciation and amortization of intangible assets	—	(580)	(1,157)	(2,071)
Other, net	(33)	—	(139)	—
Loss from discontinued operations before income taxes	(7,120)	(5,057)	(19,750)	(16,721)
Benefit for income taxes	(1,665)	(628)	(5,153)	(2,634)
Net loss from discontinued operations	$ (5,455)	$ (4,429)	$ (14,597)	$ (14,087)

The following table presents a summary of the Stitcher net assets classified as discontinued operations.

(in thousands)	As of September 30, 2020	As of December 31, 2019
Assets:		
Total current assets	$ 33,263	$ 34,793
Investments	125	178
Property and equipment	5,488	5,526
Goodwill and intangible assets	47,507	48,292
Operating lease right-of-use assets	9,579	10,448
Other assets	6,549	2,029
Total assets of discontinued operations	102,511	101,266
Liabilities:		
Total current liabilities	10,912	10,175
Other liabilities	8,796	12,552
Total liabilities of discontinued operations	19,708	22,727
Net assets of discontinued operations	$ 82,803	$ 78,539

WPIX

When we acquired the Nexstar-Tribune television stations in 2019, we granted Nexstar the option to repurchase WPIX, the CW-affiliated station in New York City. The option was exercisable from March 31, 2020, through the end of 2021, and was assignable by Nexstar to a third party. In July 2020, Nexstar assigned their option to repurchase WPIX to Mission Broadcasting, and Mission immediately exercised the option. The option price is $75 million plus accrued interest, to be calculated on the period between September 19, 2019, the purchase date of WPIX, and the option sale closing date. The transaction will close upon satisfaction of normal customary closing conditions and regulatory approval. Beginning in the third quarter of 2020, WPIX assets and liabilities were classified as held for sale in our condensed consolidated balance sheets.

The following table presents a summary of the WPIX net assets held for sale included in our condensed consolidated balance sheets.

(in thousands)	As of September 30, 2020
Assets:	
Property and equipment	$ 16,721
Goodwill	24,997
Other intangible assets	37,120
Operating lease right-of-use assets	71,071
Other assets	5,714
Total assets held for sale	155,623
Liabilities:	
Total current liabilities	6,326
Operating lease liabilities	72,231
Other liabilities	1,056
Total liabilities held for sale	79,613
Net assets held for sale	$ 76,010

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 Condensed Consolidated Financial Statements and the Notes to Condensed Consolidated Financial Statements. You should read this discussion in conjunction with those financial statements.

Forward-Looking Statements

This document contains certain forward-looking statements related to the Company's businesses that are based on management’s current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors.” Such Risk Factors include the potential materially adverse impact of the COVID-19 pandemic on the Company’s financial results or condition as a result of financial market volatility, government and regulatory actions, and disruptions to the Company’s businesses. The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

Executive Overview

The E.W. Scripps Company (“Scripps”) is a diverse media enterprise, serving audiences and businesses through a portfolio of local and national media brands. We are the fourth-largest independent owner of local television stations, with 60 stations in 42 markets that reach about 31% of U.S. television households. We have affiliations with all of the “Big Four” television networks as well as the CW and MyNetworkTV networks. In our National Media division, we operate national brands including next-generation national news network Newsy; five national multicast networks - Bounce, Grit, Laff, Court TV and Court TV Mystery - that make up the Katz Networks; and Triton, a global leader in digital audio technology and measurement services. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee.

During the first quarter of 2020, an outbreak of the coronavirus that causes the disease COVID-19 was declared a pandemic by the World Health Organization. As the United States began to combat the crisis, the Company identified three priorities to guide its actions: maintaining the health and well-being of its employees; serving its audiences and communities; and maintaining business continuity. By mid-March, we had transitioned nearly all of our employees out of our workplaces without the interruption of news programming or other media delivery.

The full impact of COVID-19 is unknown and continues to evolve rapidly. The outbreak and any preventative or protective actions that the Company, its vendors or its customers may take in respect of this virus may result in a period of disruption that could potentially impact our operations, financial results and financial condition. Beginning with stay at home and similar orders, we began to see cancellations late in the first quarter, which we believe reduced our first quarter consolidated advertising revenue by about $10 million. Second quarter results were significantly impacted by the economic downturn caused by the outbreak, with the greatest impact in April. We saw improvements in advertising revenues from April to May and from May to June. In the third quarter, advertising revenues continued to sequentially improve. We expect the advertising markets to continue to recover. However, we still expect spending in our local markets to continue to remain below 2019 levels through the remainder of 2020 and into early 2021. As media had been designated an essential business, we implemented work from home procedures, including for newscast production, and continued our operations without disruption. In order to preserve liquidity in response to this changing environment, we also took a number of cost saving initiatives through reductions in capital expenses, hiring freezes, freezes on 2020 merit pay raises, reduced executive pay and Board of Directors’ fees, and other general expense reductions in areas of travel, entertainment and marketing. These initiatives are expected to provide cash savings from our continuing operations of $75 million for the full year, with the final amount, approximately $21 million, of which will be in the fourth quarter. We will continue to evaluate the impact of COVID-19 on our consolidated financial statements.

In response to COVID-19, President Donald Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) on March 27, 2020. The CARES Act provides a number of provisions intended to support the economy and business operations, including the deferral of 2020 pension contributions to 2021, the temporary suspension of certain payment requirements for the employer portion of Social Security taxes, temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property and the creation of certain refundable employee retention credits. We anticipate benefiting from deferring $17 million of Social Security tax payments beyond 2020 and in October 2020 we received an additional tax refund of $14.0 million from the carryback of net operating losses to prior periods. We did not delay the payment of 2020 pension contributions with respect to the permitted CARES Act provision.

Based upon expected financial results, our costs saving initiatives, the stimulus provisions under the CARES Act, as well as $204 million of availability under our $210 million revolving credit facility, we currently anticipate having sufficient liquidity for navigating the next 12 months. Our term loans and unsecured notes do not have maintenance covenants, and our revolving credit facility has a leverage ratio covenant, that only applies when there are outstanding borrowings under the facility. While we believe we currently have sufficient liquidity and will remain in compliance with our revolving credit covenant, in the event of any prolonged periods of economic weakness there are additional cost saving initiatives we could undertake that would further enhance our liquidity.

On July 10, 2020, we signed a definitive agreement to sell our Stitcher podcast business for $325 million, with $265 million of cash upfront; earnout of up to $30 million based on 2020 financial results and paid in 2021; and earnout of up to $30 million based on 2021 financial results and paid in 2022. The transaction closed on October 16, 2020.

In July 2020, the purchase option was exercised for the CW-affiliated station in New York City we acquired in our 2019 transaction with Nexstar. The option price for the station is $75 million plus accrued interest, to be calculated on the period between September 19, 2019, purchase date of WPIX, and the option sale closing date. The transaction will close upon satisfaction of normal customary closing conditions and regulatory approval.

On July 25, 2020, the contract extension on our retransmission consent agreement with DISH Network expired. After a six-week blackout period, Scripps concluded its negotiation with DISH on September 6, 2020, with service restored that day to DISH subscribers in the 42 markets where we operate television stations.

On September 23, 2020, we entered into an Agreement and Plan of Merger to buy national broadcast network ION Media for $2.65 billion. ION Media is a national network of broadcast stations and is the largest holder of U.S. broadcast television spectrum. The business distributes its programming through Federal Communications Commission-licensed television stations it owns as well as affiliated TV stations, reaching 96% of U.S. homes through its over-the-air broadcast and pay TV platforms. With the acquisition of ION Media, we will create a full-scale national television networks business by combining the ION network with the five Katz networks and national news network, Newsy.

The transaction will be financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's $600 million preferred equity investment in Scripps. Under the terms of the preferred equity investment, we will be prohibited from paying dividends on and purchasing our common shares until all preferred shares are redeemed. Berkshire Hathaway also will receive a warrant to purchase up to 23.1 million Class A shares, at an exercise price of $13 per share.

To comply with ownership rules of the Federal Communications Commission, we will need to divest of up to 26 television stations, which will be purchased by INYO Broadcast Holdings, LLC upon completion of the merger. The number of stations we will sell to INYO depends on whether our application to sell WPIX, our television station in New York City, is approved by the FCC before the closing date of the ION Media transaction. These divested stations will become independent affiliates of ION Media pursuant to long-term affiliation agreements. The transaction will close upon satisfaction of normal customary closing conditions and regulatory approval.

Results of Operations

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

Consolidated Results of Operations

Consolidated results of operations were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2020	Change	2019	2020	Change	2019
Operating revenues	$ 493,262	49.1 %	$ 330,857	$ 1,266,368	36.4 %	$ 928,344
Employee compensation and benefits	(140,350)	18.0 %	(118,906)	(415,174)	24.2 %	(334,198)
Programming	(131,455)	30.7 %	(100,550)	(394,877)	42.1 %	(277,891)
Other expenses	(78,452)	16.3 %	(67,433)	(228,977)	18.5 %	(193,293)
Acquisition and related integration costs	(10,928)		(16,736)	(16,059)		(23,004)
Restructuring costs	—		(27)	—		(1,922)
Depreciation and amortization of intangible assets	(26,856)		(21,661)	(80,846)		(58,199)
Gains (losses), net on disposal of property and equipment	2,012		11	(728)		(306)
Operating income	107,233		5,555	129,707		39,531
Interest expense	(21,387)		(26,537)	(70,184)		(53,476)
Defined benefit pension plan expense	(1,261)		(2,071)	(3,313)		(5,207)
Miscellaneous, net	1,488		2,042	1,050		1,611
Income (loss) from continuing operations before income taxes	86,073		(21,011)	57,260		(17,541)
(Provision) benefit for income taxes	(22,100)		3,677	(17,997)		2,685
Income (loss) from continuing operations, net of tax	63,973		(17,334)	39,263		(14,856)
Loss from discontinued operations, net of tax	(5,455)		(4,429)	(14,597)		(14,087)
Net income (loss)	58,518		(21,763)	24,666		(28,943)
Income attributable to noncontrolling interest	—		166	—		166
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$ 58,518		$ (21,929)	$ 24,666		$ (29,109)

On September 19, 2019, we acquired eight television stations from the Nexstar-Tribune transaction, and on May 1, 2019, we acquired 15 television stations from Cordillera. These stations are referred to as the "acquired stations" in the discussion that follows. The inclusion of operating results from these stations for the periods subsequent to their acquisition impacts the comparability of our consolidated and segment operating results.

Operating revenues increased $162.4 million or 49% in the third quarter of 2020 and $338 million or 36% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, operating revenues increased 35% and 12% in the quarter and year-to-date periods, respectively. The quarter-to-date and year-to-date increases were driven by an increase in political advertising revenue during this presidential election year, as well as an increase in retransmission revenue and growth in our National Media businesses. These increases more than offset the weakness in core advertising caused by political advertising displacement as well as weakened economic conditions that began toward the end of the first quarter, reflecting the impact of the COVID-19 pandemic, which negatively affected spending from our advertisers. We began to see cancellations late in the first quarter, which we believe reduced our first quarter consolidated advertising revenues by about $10 million. Second quarter results were significantly impacted by the economic downturn, with the greatest impact in April. We have seen continued improvement since April in the advertising markets as economies began to reopen. We expect the advertising markets to continue to recover, but expect spending in our local markets to continue to remain below 2019 levels through the remainder of 2020 and into early 2021.

Employee compensation and benefits increased $21.4 million or 18% in the third quarter of 2020 and $81.0 million or 24% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, employee compensation and benefits increased 3.7% and 3.1% in the quarter and year-to-date periods, respectively. The quarter-to-date increase is due to strong revenue performance driving higher bonus payments. The year-to-date increase in employee compensation and benefits is due to the annual merit increase that occurred in March 2020, as well as expansion of our National Media group throughout 2019.

Programming expense increased $30.9 million or 31% in the third quarter of 2020 and $117.0 million or 42% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, programming expense increased 17% and 20% in the quarter and year-to-date periods, respectively, due to higher network affiliation fees at our stations, reflecting contractual rate increases, as well as an increase in programming costs associated with our National Media business, Katz.

Other expenses increased $11.0 million or 16% in the third quarter of 2020 and increased $35.7 million or 18% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, other expenses remained flat in the quarter-to-date period and decreased 2.9% in the year-to-date period. In response to the weakened economic conditions created by COVID-19, we implemented various cost saving initiatives through general expense reductions in the areas of travel, entertainment and marketing.

Acquisition and related integration costs of $10.9 million in the third quarter of 2020 and $16.1 million in the first nine months of 2020 reflect contract termination costs and professional service costs incurred to integrate the Cordillera and Nexstar-Tribune television stations, as well as costs incurred for the pending ION Media transaction. Acquisition and related integration costs of $16.7 million in the third quarter of 2019 and $23.0 million in the first nine months of 2019 reflect investment banking and legal fees incurred to complete the 2019 acquisitions, as well as professional service costs incurred to integrate Triton and the Raycom, Cordillera and Nexstar-Tribune television stations.

Restructuring costs were less than $0.1 million in the third quarter of 2019 and $1.9 million in the first nine months of 2019. These restructuring charges reflect severance, outside consulting fees and other costs associated with our previously announced changes in management and operating structure.

Depreciation and amortization of intangible assets increased from $58.2 million in 2019 to $80.8 million in 2020 due to the acquired stations.

Interest expense increased in the first nine months of 2020 due to the issuance of a $765 million term loan B in May 2019 and issuance of $500 million of senior unsecured notes in July 2019 in order to fund the Cordillera and Nexstar-Tribune acquisitions. Interest expense decreased $5.2 million in the third quarter of 2020 due to rate reductions in 2020 instituted by the Federal Reserve in response to the economic weakness caused by the COVID-19 pandemic, reduced borrowings on the revolving credit facilities and the December 2019 amendment to the $765 million term loan B which reduced the interest rate by 25 basis points.

The effective income tax rate was 31% and 15% for the nine months ended September 30, 2020 and 2019, respectively. Other differences between our effective income tax rate and the U.S. federal statutory rate are the impact of state taxes, foreign taxes, non-deductible expenses, changes in reserves for uncertain tax positions and excess tax benefits or expense from the exercise and vesting of share-based compensation awards ($1.2 million expense in 2020 and $0.8 million benefit in 2019). Additionally, in 2020, we had a net discrete tax provision charge of $3.5 million related to state deferred rate changes and state net operating loss valuation allowance reductions.

Discontinued Operations

Discontinued operations reflect the historical results of our Stitcher operations. During the second quarter of 2020, our Board of Directors approved the sale of our Stitcher podcasting business and we signed a definitive agreement for its sale on July 10, 2020. The transaction closed on October 16, 2020. Stitcher was previously included in our National Media segment results.

Business Segment Results — As discussed in the Notes to Condensed Consolidated Financial Statements, our chief operating decision maker evaluates the operating performance of our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan expense, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

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

We allocate a portion of certain corporate costs and expenses, including information technology, certain employee benefits and shared services to our business segments. The allocations are generally amounts agreed upon by management, which may differ from an arms-length amount. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2020	Change	2019	2020	Change	2019
Segment operating revenues:						
Local Media	$ 403,769	60.0 %	$ 252,392	$ 1,002,320	44.7 %	$ 692,494
National Media	89,413	14.2 %	78,285	260,835	12.5 %	231,937
Other	80	(55.6)%	180	3,213	(17.9)%	3,913
Total operating revenues	$ 493,262	49.1 %	$ 330,857	$ 1,266,368	36.4 %	$ 928,344
Segment profit (loss):						
Local Media	$ 144,561		$ 49,678	$ 232,798	68.5 %	$ 138,180
National Media	12,138	24.8 %	9,727	39,879	26.9 %	31,414
Other	(1,566)	23.3 %	(1,270)	(1,632)	(48.8)%	(3,188)
Shared services and corporate	(12,128)	(14.4)%	(14,167)	(43,705)	0.6 %	(43,444)
Acquisition and related integration costs	(10,928)		(16,736)	(16,059)		(23,004)
Restructuring costs	—		(27)	—		(1,922)
Depreciation and amortization of intangible assets	(26,856)		(21,661)	(80,846)		(58,199)
Gains (losses), net on disposal of property and equipment	2,012		11	(728)		(306)
Interest expense	(21,387)		(26,537)	(70,184)		(53,476)
Defined benefit pension plan expense	(1,261)		(2,071)	(3,313)		(5,207)
Miscellaneous, net	1,488		2,042	1,050		1,611
Income (loss) from continuing operations before income taxes	$ 86,073		$ (21,011)	$ 57,260		$ (17,541)

Local Media — Our Local Media segment includes our 60 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 13 CW affiliates - five on full power stations and eight on multicast; two MyNetworkTV affiliates; two independent stations and nine additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunications companies and satellite carriers. We also receive retransmission fees from over-the-top virtual MVPDs such as Hulu, YouTubeTV and AT&T Now.

National television networks offer affiliates a variety of programs and sell the majority of advertising within those programs. In addition to network programs, we broadcast internally produced local and national programs, syndicated programs, sporting events and other programs of interest in each station's market. News is the primary focus of our locally produced programming.

The operating performance of our Local Media group is most affected by local and national economic conditions, particularly conditions within the automotive and services categories, and by the volume of advertising purchased by campaigns for elective office and political issues. The demand for political advertising is significantly higher in the third and fourth quarters of even-numbered years.

Operating results for our Local Media segment were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2020	Change	2019	2020	Change	2019
Segment operating revenues:						
Core advertising	$ 151,488	2.2 %	$ 148,209	$ 428,759	6.8 %	$ 401,351
Political	96,375		5,038	128,463		8,033
Retransmission	152,069	59.8 %	95,174	431,535	58.6 %	272,015
Other	3,837	(3.4)%	3,971	13,563	22.2 %	11,095
Total operating revenues	403,769	60.0 %	252,392	1,002,320	44.7 %	692,494
Segment costs and expenses:						
Employee compensation and benefits	111,551	21.3 %	91,967	326,071	30.6 %	249,668
Programming	99,991	42.1 %	70,351	303,514	57.4 %	192,824
Other expenses	47,666	18.0 %	40,396	139,937	25.1 %	111,822
Total costs and expenses	259,208	27.9 %	202,714	769,522	38.8 %	554,314
Segment profit	$ 144,561		$ 49,678	$ 232,798	68.5 %	$ 138,180

On September 19, 2019, we acquired eight television stations from the Nexstar-Tribune transaction, and on May 1, 2019, we acquired 15 television stations from Cordillera. These stations are referred to as the "acquired stations" in the discussion that follows. The inclusion of operating results from these stations for the periods subsequent to their acquisition impacts the comparability of our Local Media segment operating results.

Revenues

Total Local Media revenues increased $151 million or 60% in the third quarter of 2020 and $310 million or 45% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, Local Media revenues increased 42% and 12% in the quarter and year-to-date periods, respectively. In both the quarter and year-to-date periods, there was an increase in political revenues due to an election year and an increase in retransmission revenue. While retransmission revenues have been affected by an acceleration of subscriber losses at the MVPDs, particularly among satellite providers, rate increases have more than offset those subscriber declines. After a six-week blackout period, we concluded our negotiation with DISH Network on September 6, 2020, with service restored that day to DISH subscribers in the 42 markets where we operate television stations. This was the third of three key distributor negotiations completed for this year, which means so far during 2020 we have renegotiated retransmission consent contracts covering about 40% of our subscriber households. In addition, on December 31, 2019, our agreement with Comcast reset, and for those stations we owned prior to 2019, we began to receive retransmission fees for which we had historically received little to no compensation.

Increases in political revenue and retransmission revenue more than offset the weakness in core advertising in both the quarter-to-date and year-to-date periods. When excluding the acquired stations, core advertising revenue decreased 13% and

18% in the quarter and year-to-date periods, respectively, driven by political advertising displacement as well as weakened economic conditions that began toward the end of the first quarter, reflecting the impact of the COVID-19 pandemic, which negatively affected spending from our advertisers. We began to see cancellations late in the first quarter, which we believe reduced our first quarter advertising revenues at Local Media by at least $8 million. Second quarter results were significantly impacted by the economic downturn, with the greatest impact in April. We have seen continued improvement since April in the advertising markets as economies began to reopen. We expect the advertising markets to continue to recover, but expect spending in our local markets to continue to remain below 2019 levels through the remainder of 2020 and into early 2021.

Costs and expenses

Employee compensation and benefits increased $19.6 million or 21% in the third quarter of 2020 and $76.4 million or 31% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, the expense increased 2.8% and 2.3% in the quarter and year-to-date periods, respectively. The increase in employee compensation and benefits is due to the annual merit increase that occurred in March 2020 as well as higher commissions tied to revenue growth.

Programming expense increased $29.6 million or 42% in the third quarter of 2020 and $111 million or 57% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, programming expense increased 22% and 26% in the quarter and year-to-date periods, respectively, primarily due to higher network affiliation fees. Network affiliation fees have been increasing industry-wide due to higher rates on renewals, as well as contractual rate increases during the terms of the affiliation agreements, and we expect that they may continue to increase over the next several years.

Other expenses increased $7.3 million or 18% in the third quarter of 2020 and $28.1 million or 25% for the first nine months of 2020 when compared to prior periods. Excluding the acquired stations, other expenses decreased 8.6% and 12% in the quarter and year-to-date periods, respectively. In response to the weakened economic conditions created by COVID-19, we implemented various cost saving initiatives through general expense reductions in areas of travel, entertainment and marketing.

National Media — Our National Media segment is comprised of the operations of our national media businesses, including five national broadcast networks, the Katz networks; next-generation national news network, Newsy; a global leader in digital audio technology and measurement services, Triton; and other national brands. Our National Media group earns revenue primarily through the sale of advertising.

Operating results for our National Media segment were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2020	Change	2019	2020	Change	2019
Segment operating revenues:						
Katz	$ 59,918	7.9 %	$ 55,546	$ 181,602	11.8 %	$ 162,446
Newsy	12,904	29.8 %	9,945	34,627	16.5 %	29,718
Triton	11,417	13.8 %	10,031	32,219	6.0 %	30,395
Other	5,174	87.3 %	2,763	12,387	32.1 %	9,378
Total operating revenues	89,413	14.2 %	78,285	260,835	12.5 %	231,937
Segment costs and expenses:						
Employee compensation and benefits	17,886	8.9 %	16,424	51,639	7.7 %	47,945
Programming	31,443	4.1 %	30,198	91,342	7.2 %	85,206
Other expenses	27,946	27.4 %	21,936	77,975	15.7 %	67,372
Total costs and expenses	77,275	12.7 %	68,558	220,956	10.2 %	200,523
Segment profit	$ 12,138	24.8 %	$ 9,727	$ 39,879	26.9 %	$ 31,414

Revenues

National Media revenues increased $11.1 million or 14% in the third quarter of 2020 and $28.9 million or 12% for the first nine months of 2020 when compared to prior periods as a result of growth in each of the National Media businesses. Katz's increase in revenue was driven by growth at its networks, specifically Grit, Laff and Court TV, which launched in May 2019. Newsy's revenue increase was driven by growth of advertising on over-the-top platforms and political revenue recognized during this presidential election year. Political revenue at Newsy for the quarter-to-date and year-to-date periods was $1.9 million and $3.3 million, respectively. Triton experienced revenue growth in its infrastructure business, specifically in content delivery, ad serving and the programmatic marketplace.

Weakness in economic conditions that began toward the end of the first quarter, reflecting the impact of the COVID-19 pandemic, negatively affected spending from our advertisers. We began to see cancellations late in the first quarter, which we believe reduced our first quarter National Media revenues by approximately $1.3 million. The impact was greatest in April and we have seen continued improvement in the advertising markets since that time as economies began to reopen. We expect the advertising markets to continue to recover, however, we expect growth in National Media revenue to remain below the 30% year over year levels we experienced prior to COVID-19.

Costs and expenses

Employee compensation and benefits increased $1.5 million or 8.9% in the third quarter of 2020 and $3.7 million or 7.7% in the first nine months of 2020 when compared to prior periods. The increase in employee compensation and benefits is due to higher payroll and benefits costs due increased hiring at Katz and Newsy throughout 2019.

Programming expense increased $1.2 million or 4.1% in the third quarter of 2020 and $6.1 million or 7.2% for the first nine months of 2020 when compared to prior periods. Programming expense includes the amortization and distribution of programming for Katz and other programming costs. The overall increase is attributable to contractual rate increases at Katz, higher affiliate fees related to the increased distribution of all the Katz networks and the annualization of affiliate fees tied to increased distribution at Court TV.

Other expenses increased $6.0 million or 27% in the third quarter of 2020 and $10.6 million or 16% for the first nine months of 2020 when compared to prior periods. Other expenses increased at Katz, Newsy and Triton due to certain expenses that are directly tied to their revenue growth.

Shared services and corporate

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

Liquidity and Capital Resources

Our primary source of liquidity is our available cash and borrowing capacity under our revolving credit facility. Our primary source of cash is generated from our ongoing operations. Cash from operations can be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic. At the end of September 2020, we had approximately $130 million of cash on hand and $204 million of additional borrowing capacity under our revolving credit facility. Based on our current business plan, we believe our cash flow from operations will provide sufficient liquidity during this economic downturn to meet the Company's operating needs for the next 12 months. In addition, the Company's liquidity is enhanced through the federal government's stimulus measures, including the deferral of social security taxes; tax relief on the use of net operating losses and interest expense limitations; and a few other provisions that either bring in cash this year or push out cash payments to 2021 and beyond. While we currently do not anticipate liquidity constraints, in the event of a prolonged period of economic weakness there are additional measures we could take to further control cost, slow our working capital needs and generate cash.

Debt Covenants

Our term loans and our unsecured notes do not have maintenance covenants. The earliest maturity of our term loans and unsecured notes is the fourth quarter of 2024. Our revolving credit facility permits maximum leverage of 4.5 times the two-year average earnings before interest, taxes, depreciation and amortization (EBITDA) as defined by our credit agreement, through second quarter of 2021, at which point it steps down to 4.25 times. Based upon our current outlook, we expect to be in compliance with that covenant.

Cash Flows - Operating Activities

Cash flows from operating activities for the nine months ended September 30 are as follows:

(in thousands)	Nine Months Ended September 30, 2020	2019
Cash Flows from Operating Activities:		
Income (loss) from continuing operations, net of tax	$ 39,263	$ (14,856)
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:		
Depreciation and amortization	80,846	58,199
(Gains) losses, net on disposal of property and equipment	728	306
Programming assets and liabilities	(31,960)	7,654
Deferred income taxes	32,019	(2,651)
Stock and deferred compensation plans	12,233	11,368
Pension expense, net of contributions	(27,218)	(9,630)
Other changes in certain working capital accounts, net	58,416	(30,758)
Miscellaneous, net	14,000	8,537
Net cash provided by operating activities from continuing operations	178,327	28,169
Net cash used in operating activities from discontinued operations	(18,528)	(17,162)
Net operating activities	$ 159,799	$ 11,007

In 2020 and 2019, cash provided by operating activities from continuing operations was $178 million and $28.2 million, respectively. The $150 million increase in cash provided by operating activities from continuing operations was attributable to a $104 million year-over-year increase in segment profit combined with a $89 million year-over-year increase in cash provided from changes in certain working capital accounts. These increases in cash flow were partially offset by a $24 million increase in interest paid and year-over-year cash outlay increase of $40 million for programming investments in excess of programming amortization. Interest payments increased due to the issuance of a $765 million term loan B in May 2019 and issuance of $500 million of senior unsecured notes in July 2019 in order to fund the Cordillera and Nexstar-Tribune acquisitions.

The primary factors affecting changes in certain working capital accounts are described below:

- Year-over-year cash provided from changes in accounts receivable increased $26 million in 2020 compared to 2019. This is partially due to political advertising revenue recognized during an election year, which is paid in advance and displaces traditional local and national advertising. Additionally, we did not acquire working capital in the Nexstar-Tribune acquisition, and as advertisers tend to pay on a 60- to 90-day lag, fourth quarter 2019 revenue resulted in growth of the accounts receivable balance. In 2020, we received over $50 million from Nexstar related to cash they collected on our December 31, 2019 receivables. The last factor in the decrease in receivables was a softness in core advertising revenue in the third quarter of 2020 as a result of COVID-19, which had a direct impact to trade receivables. These decreases in the accounts receivable balance were offset by an increase in the retransmission receivable balance. During 2020, we completed renewal negotiations on three key distribution agreements covering about 40% of our subscriber households that contributed to an increase in retransmission revenue.
- We received advance payments for fourth quarter political advertising campaigns, which account for the $26 million increase in cash provided by unearned revenue.
- Timing of payments made on accounts payable increased the year-over-year cash provided from working capital by $15 million, mainly attributable to the slower timing of payments made to our vendors in order to control liquidity during the current economic conditions.
- Timing of payments made on other current liabilities increased the year-over-year cash provided from working capital by $17 million, mainly attributable to the timing of tax payments. In the second quarter of 2019, we paid $11 million in taxes, primarily related to the sale of our radio stations. As of September 30, 2020, no taxes were accrued.

Cash Flows - Investing Activities

Cash flows from investing activities for the nine months ended September 30 are as follows:

	Nine Months Ended September 30,	
(in thousands)	2020	2019
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	$ 2,500	$ (1,190,631)
Acquisition of intangible assets	(1,480)	(24,475)
Additions to property and equipment	(38,086)	(41,667)
Purchase of investments	(5,453)	(1,453)
Proceeds from FCC repack	19,164	3,965
Miscellaneous, net	3,980	(41)
Net cash used in investing activities from continuing operations	(19,375)	(1,254,302)
Net cash used in investing activities from discontinued operations	(333)	(108)
Net investing activities	$ (19,708)	$ (1,254,410)

In 2020 and 2019, we used $19.4 million and $1.3 billion, respectively, in cash for investing activities from continuing operations. The primary factors affecting these cash flows for the periods presented are described below.

- In the second quarter of 2020, we received cash consideration and reduced the Cordillera purchase price by $2.5 million related to an indemnification claim on certain acquired assets.
- Capital expenditures decreased $3.6 million year-over-year. In order to preserve liquidity in response to this changing environment, we have undertaken a number of cost saving initiatives, including a reduction in capital expenses.
- In 2020, we contributed $5.5 million in cash to our investments.
- In 2020 and 2019, we received $19.2 million and $4.0 million, respectively, in reimbursement proceeds from the FCC.
- In 2020, we received $3.2 million in proceeds from the disposal of property and equipment, mainly related to an indemnification settlement on one of our television broadcast towers acquired from Cordillera.
- In January of 2019, we acquired three television stations owned by Raycom Media for $55 million in cash.
- In April of 2019, we acquired assets from an independent station in Stuart, Florida, for $23.6 million in cash, the majority of which were intangible assets.
- In May of 2019, we acquired 15 television stations owned by Cordillera Communications, LLC for $521 million in cash, plus an estimated working capital adjustment of $23.9 million.

- In June of 2019, we completed the acquisition of Omny Studio for a cash purchase price of $8.5 million.
- In September of 2019, we acquired eight television stations from the Nexstar-Tribune transactions for $582 million.

In the repacking process associated with the incentive spectrum auction conducted by the FCC in 2017, the FCC has reassigned some stations to new post-auction channels. We do not expect reassignment to new channels to have a material impact on our stations' broadcast signals as viewed in their markets. Twenty-seven of our current full power stations (including nine from recent acquisitions) have been assigned to new channels. The legislation authorizing the incentive auction and repack provides the FCC with up to a $2.75 billion fund to reimburse reasonable costs incurred by stations that are reassigned to new channels in the repack. We expect the FCC fund will be sufficient to cover the costs we would expect to incur for the repack and that our only potential funding risks would be limited to any disagreements with the FCC over reimbursement of expenditures incurred. Reimbursements provided by the FCC are recognized as the cash is received.

We have spent $47.4 million to date on FCC repack. As of early July 2020, all full power stations were operating on their reassigned channels. We will incur incremental costs through the remainder of 2020 to complete work delayed by the COVID-19 pandemic. We have received total reimbursement proceeds from the FCC of $27.7 million, of which $19.2 million was received during the nine months ended September 30, 2020.

Cash Flows - Financing Activities

Cash flows from financing activities for the nine months ended September 30 are as follows:

(in thousands)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash Flows from Financing Activities:		
Net borrowings under revolving credit facility	$ —	$ 20,000
Proceeds from issuance of long-term debt	—	1,261,175
Payments on long-term debt	(7,959)	(6,075)
Deferred financing costs	—	(31,295)
Dividends paid	(12,415)	(12,274)
Repurchase of Class A Common shares	—	(584)
Tax payments related to shares withheld for vested stock and RSUs	(2,323)	(3,716)
Miscellaneous, net	(21,837)	(4,437)
Net cash provided by (used in) financing activities from continuing operations	$ (44,534)	$ 1,222,794

In 2020, we used $44.5 million in financing activities from continuing operations while in 2019, cash provided by financing activities from continuing operations was $1.2 billion. As of September 30, 2020, we had no outstanding borrowings under our revolving credit facility. Other factors impacting our cash flows from financing activities from continuing operations are described below.

We have $900 million of unsecured senior notes and $1.0 billion outstanding balance on our term loans. The outstanding balance on our term loans reflect the $765 million term loan B, issued on May 1, 2019, for financing on the Cordillera and Nexstar/Tribune television station acquisitions. Our debt had required principal payments of just over $7.9 million in the first nine months of 2020 and will have required payments of $2.7 million for the remainder of 2020.

In November 2020, our Board of Directors authorized a debt repurchase program pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our 2025 Senior Notes, 2027 Senior Notes, or any indebtedness incurred from the financing of the pending ION Media acquisition. The authorization permits an aggregate principal amount reduction of up to $500 million if the pending ION Media acquisition closes or up to $100 million if the pending acquisition fails to close. The authorization expires on March 1, 2023.

We paid quarterly dividends of 5 cents per share, totaling $12.4 million and $12.3 million in 2020 and 2019, respectively.

In November 2016, our Board of Directors authorized a share repurchase program of up to $100 million of our Class A Common shares, which expired on March 1, 2020. In February 2020, our Board of Directors authorized a new share repurchase program of up to $100 million of our Class A Common shares through March 1, 2022. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intended to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. No shares were repurchased under either authorization during the first nine months of 2020 as the Company has temporarily suspended share buybacks. During the first nine months of 2019, we repurchased $0.6 million of shares.

On September 23, 2020, we entered into an Agreement and Plan of Merger to buy national broadcast network ION Media for $2.65 billion. The transaction will be financed with cash on hand, $1.85 billion of secured and unsecured debt, and a $600 million preferred equity investment in Scripps by Berkshire Hathaway. Under the terms of the preferred equity investment, we will be prohibited from paying dividends on and purchasing our common shares until all preferred shares are redeemed.

Other

We are required to contribute an additional $2.9 million to fund our qualified defined benefit pension plan in order to meet our 2020 funding requirements under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. In response to the COVID-19 pandemic, President Donald Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act provides a provision to defer 2020 pension contributions until January 1, 2021. We did not choose to delay the payment of 2020 pension contributions with respect to this permitted CARES Act provision.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

There have been no material changes to the off-balance sheet arrangements disclosed in our 2019 Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

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

Note 1 to the Consolidated Financial Statements included in our 2019 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 acquisitions, goodwill and indefinite-lived intangible assets 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 2019 Annual Report on Form 10-K.

Recent Accounting Guidance

Refer to Note 2 – Recently Adopted and Issued Accounting Standards of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion.

Quantitative and Qualitative Disclosures About Market Risk

Earnings and cash flow can be affected by, among other things, economic conditions and interest rate changes. We are also exposed to changes in the market value of our investments.

Our objectives in managing interest rate risk are to limit the impact of interest rate changes on our earnings and cash flows and to reduce overall borrowing costs.

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

	As of September 30, 2020		As of December 31, 2019	
(in thousands)	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Revolving credit facility	$ —	$ —	$ —	$ —
Senior unsecured notes, due in 2025	400,000	391,000	400,000	409,000
Senior unsecured notes, due in 2027	500,000	485,015	500,000	525,000
Term loan, due in 2024	291,000	282,634	293,250	293,617
Term loan, due in 2026	753,563	738,492	759,272	763,547
Long-term debt, including current portion	$ 1,944,563	$ 1,897,141	$ 1,952,522	$ 1,991,164
Financial instruments subject to market value risk:				
Investments held at cost	$ 4,708	(a)	$ 4,405	(a)

(a) Includes securities that do not trade in public markets, thus the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Scripps management is responsible for establishing and maintaining adequate internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error, collusion and the improper overriding of controls by management. Accordingly, even effective internal control can only provide reasonable but not absolute assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) was evaluated as of the date of the financial statements. This evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective.

There were no changes to the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Exhibit 31.A
Section 302 Certifications

Certification

I, Adam P. Symson, 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    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 based 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 officer 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 control over financial reporting that 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 control over financial reporting.

Date: November 6, 2020

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer

Exhibit 31.B
Section 302 Certifications

Certification

I, Lisa A. Knutson, 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   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 based 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 officer 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 control over financial reporting that 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 control over financial reporting.

Date: November 6, 2020

BY: /s/ Lisa A. Knutson
Lisa A. Knutson
Executive Vice President and Chief Financial Officer

Exhibit 32.A
Section 906 Certifications

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

I, Adam P. Symson, 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, 2020 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) 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.

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer
November 6, 2020

Exhibit 32.B
Section 906 Certifications

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

I, Lisa A. Knutson, 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, 2020 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) 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.

BY: /s/ Lisa A. Knutson
Lisa A. Knutson
Executive Vice President and Chief Financial Officer
November 6, 2020