Give light and the people will find their own way

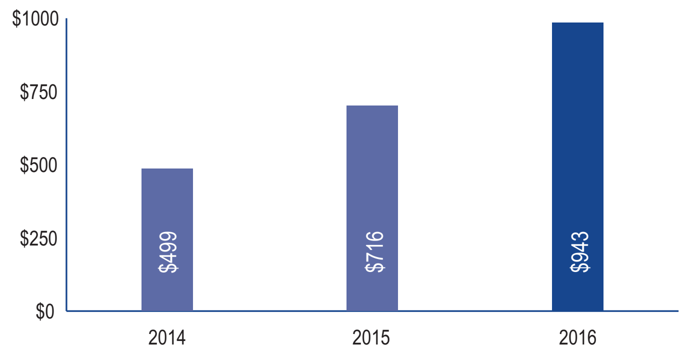
SCRIPPS

2016 ANNUAL REPORT

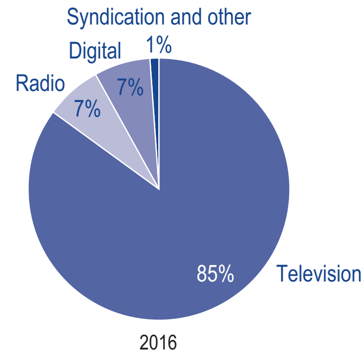
SCRIPPS

FINANCIAL HIGHLIGHTS

Operating Revenues
Continuing Operations
(Dollars in millions)



Operating Revenues By Segment
Continuing Operations



Operating Results – Continuing Operations	2014	2015	2016
(Dollars in millions)			
Consolidated			
Operating revenues	$499	$716	$943
Operating income	26	(83)	127
Net income (loss)	9.5	(67)	67
Television			
Segment operating revenues	467	610	802
Segment profit	136	140	249
Radio			
Segment operating revenues	–	59	71
Segment profit	–	13	13
Digital			
Segment operating revenues	23	39	62
Segment loss	(23)	(17)	(16)
Syndication and other			
Segment operating revenues	9	8	8
Segment loss	(1.5)	(1.1)	(0.8)

SCRIPPS

LETTER TO SHAREHOLDERS

To our shareholders:

From the vantage point of spring 2017, I can see behind us a year when our television division delivered record revenue, driven by more than $100 million of political advertising revenue and a 50 percent increase in fees we receive from cable and satellite operators who include our TV stations in their packages.

From this same vantage point, I can see ahead to a year when local broadcasters' optimism already has been lifted by the promised tailwinds of the advancement of next-gen television transmission standard ATSC 3.0 as well as further increases in the value of our content as represented by rising rates for the retransmission of our stations.

At Scripps, 2017 also brings the promise of new leadership. After nearly 18 years as a member of the senior leadership team here at Scripps — including nine as CEO — I will retire from the role of president and CEO later this year, retaining the job of chairman of the board.

Chief Operating Officer Adam Symson has been tapped to succeed me sometime later this year. Adam has worked for Scripps for 15 years, beginning at our Phoenix television station as an investigative producer. He also has served as director of TV news strategy and head of operations for the TV division's interactive businesses. As chief digital officer from 2011-2016, his job was to build the digital division from the ground up, identify the best opportunities to expand through content and platforms that people love, and to invest in order to best capitalize on their growth opportunities. He will do an outstanding job for our customers, owners and employees.

2016 in review

Last year was our first full year operating the 13 former Journal Communications television stations, and among our top priorities was positioning them to capture more than their fair share of political advertising dollars, as we had in our legacy markets in past presidential election years. However, as a whole, the presidential race spending did not rise to the level we had expected, and yet some of our regular local and national advertisers had already created marketing plans to avoid competing with political campaigns.

At the same time, we were encouraged by the strong spending levels for U.S. Senate and House races in our markets in 2016. And looking ahead to the 2018 mid-term election, we are focused on 10 Senate seats up for grabs in our footprint as well as a significant gubernatorial year, with 16 governors' races across the Scripps markets.

Also in our television division, we took a giant leap forward with our retransmission revenue, delivering a 62 percent increase after renewing a below-market contract with Time Warner early in the year. On the network compensation side, we have recently completed key renewals with all four networks. We expect a 20 percent increase in total retransmission revenue in 2017 and a 25 percent increase in what we keep after network compensation.

Our original programming strategy continued to pay dividends in 2016. Our infotainment-news program *The List* continues to pull strong ratings as a top 20 rated show in syndication. *The List* can now be enjoyed in 45 markets covering 28 percent of the nationwide audience — 32 million U.S. television households.

Our viral videos show *RightThisMinute* is on track to launch into a seventh season this fall. The ABC-owned station group has renewed the show (a partnership among Scripps, Cox and Raycom) for the 2017-2018 television season. Today, the show is cleared in 94 percent of the country on 212 stations nationwide and one market in Canada.

The Federal Communications Commission's broadcast spectrum auction ended early this year. We had pursued several channel-share arrangements with ourselves and other broadcast partners that would have allowed us to continue to operate our stations and serve our local communities while supporting the government's attempt to recapture some broadcaster spectrum. However, none of the spectrum we offered was selected during the auction process because the prices fell below the value we thought it was worth. We believe having a full 6 MHz capacity in local markets will provide the foundation for new business opportunities in the ATSC 3.0 world.

In our digital reporting segment, national video news service Newsy is rapidly expanding its distribution and viewership. It recorded 1.3 billion video views for the year. By the end of 2016, over-the-top and next-generation video delivery services made up the majority of Newsy's revenue stream, as the service continues to move away from syndication services and establish itself as the news network of choice for millennials looking for thoughtfulness, context and objectivity.

Podcast-industry leader Midroll also expanded its brand late this year. Midroll owns and operates shows, serves as an advertising network for about 250 additional shows, and runs the podcast listening platform Stitcher. Last year, Midroll staged its first-ever live event, the Now Hear This Festival. Fans from across the country traveled to Anaheim, California, to meet popular hosts and see shows recorded live on stage, providing the Midroll team with great real-time feedback on its programming strategies. Midroll also launched the Stitcher Premium subscription service last year, laying the foundation for our direct-from-consumer audience and revenue strategies.

Finally, we acquired the long-time satire and humor brand Cracked in April 2016. Many will remember Cracked as a magazine that competed with Mad Magazine, but it has evolved over the last decade into a robust digital brand serving 50 million loyal monthly visitors to its website, a vibrant YouTube channel and a strong social media following. The $39 million acquisition fit neatly into our portfolio of digital content brands with national reach, loyal audiences and tremendous traction.

We continue to maintain our characteristic strong balance sheet in 2017 and project our net debt to fall even lower this year. This financial flexibility gives us the resources to act quickly and show good returns when an attractive acquisition opportunity arises, and the firepower to repurchase our own shares. In addition, our modest cash requirements for capital expenditures and debt repayments mean we have strong and growing cash flow.

We are well positioned to seize the opportunity afforded by 2017 and beyond. Thanks for your support.

Sincerely,

Rich Boehne

Richard A. Boehne
Chairman, President and Chief Executive Officer
March 2017

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

FORM 10-K

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

For the fiscal year ended December 31, 2016 OR

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

For the transition period from __________ to __________

Commission File Number 0-16914

THE E. W. SCRIPPS COMPANY

(Exact name of registrant as specified in its charter)

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

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

Title of each class	**Name of each exchange on which registered**
Securities registered pursuant to Section 12(b) of the Act:	New York Stock Exchange
Class A Common shares, $.01 par value	
Securities registered pursuant to Section 12(g) of the Act:	
Not applicable	

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the $15.84 per share closing price for such stock on June 30, 2016, was approximately $912,954,000. All Class A Common shares beneficially held by executives and directors of the registrant and descendants of Edward W. Scripps have been deemed, solely for the purpose of the foregoing calculation, to be held by affiliates of the registrant. There is no active market for our Common Voting shares.

As of January 31, 2017, there were 70,021,010 of the registrant's Class A Common shares, $.01 par value per share, outstanding and 11,932,722 of the registrant's Common Voting shares, $.01 par value per share, outstanding.

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2017 annual meeting of shareholders.

Index to The E. W. Scripps Company Annual Report
on Form 10-K for the Year Ended December 31, 2016

Item No.	Page
Additional Information	3
Forward-Looking Statements	3
PART I	
1. Business	4
1A. Risk Factors	14
1B. Unresolved Staff Comments	19
2. Properties	19
3. Legal Proceedings	19
4. Mine Safety Disclosures	19
Executive Officers of the Company	20
PART II	
5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
6. Selected Financial Data	23
7. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
7A. Quantitative and Qualitative Disclosures About Market Risk	23
8. Financial Statements and Supplementary Data	23
9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	23
9A. Controls and Procedures	23
9B. Other Information	23
PART III	
10. Directors, Executive Officers and Corporate Governance	24
11. Executive Compensation	24
12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	24
13. Certain Relationships and Related Transactions, and Director Independence	24
14. Principal Accounting Fees and Services	24
PART IV	
15. Exhibits and Financial Statement Schedules	25

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

Additional Information

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

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to our businesses. We base our forward-looking statements on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. A detailed discussion of principal risks and uncertainties which may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors”. The words “believe,” “expect,” “anticipate,” “estimate,” “intend” and similar expressions identify forward-looking statements. You should evaluate our forward-looking statements, which are as of the date of this filing, with the understanding of their inherent uncertainty. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of the statement.

PART I

Item 1. Business

We are an 138-year-old media enterprise with interests in television and radio broadcasting, as well as local and national digital media brands. Founded in 1878, our motto is "Give light and the people will find their own way." Our mission is to do well by doing good — providing value to customers, employees and owners by informing, engaging and empowering those we serve. We serve audiences and businesses through a portfolio of television, radio and digital media brands. Scripps is one of the nation's largest independent TV station ownership groups, with 33 television stations in 24 markets and a reach of nearly one in five U.S. television households. We have affiliations with all of the "Big 4" television networks. We also own 34 radio stations in eight markets. We operate an expanding collection of local and national digital journalism and information businesses including our podcast business, Midroll, the multi-platform humor and satire brand, Cracked, and over-the-top ("OTT") video news service, Newsy. We also produce television programming, run an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational program, the Scripps National Spelling Bee. For a full listing of our media companies and their associated websites, visit http://www.scripps.com.

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

We have a commitment to developing our digital media business and have combined all of our digital initiatives into a single organization. Under the direction of our digital leadership, this focus allows us to find new and efficient platforms for bringing together advertisers and audiences.

We continued the expansion of our digital business through two acquisitions in 2016. On April 12, 2016 we acquired the multi-platform humor and satire brand Cracked, which informs and entertains millennial audiences with a website, original digital video, social media and a popular podcast. This acquisition provides an opportunity to expand our OTT footprint for both video and audio. The purchase price was $39 million in cash. On June 6, 2016 we acquired Stitcher, a popular podcast listening service which facilitates discovery and streaming for more than 65,000 podcasts for a $4.5 million cash purchase price.

On July 22, 2015, we acquired Midroll Media, a company that creates original podcasts and operates a network that sells advertising for more than 200 shows, including "WTF with Marc Maron" and "Comedy Bang! Bang!" The purchase price was $50 million in cash, plus a $10 million earnout provision.

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

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

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

TELEVISION

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

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

We believe the most critical component of our product mix is compelling news content, which is an important link to the community and aids our stations' efforts to retain and expand viewership. We have trained employees in our news departments to be multi-media journalists, allowing us to pursue a "hyper-local" strategy by having more reporters covering local news for our over-the-air and digital platforms.

In addition to news programming, our television stations run network programming, syndicated programming and internally produced programming. We have implemented a strategy to rely less on expensive syndicated programming and to replace it with internally developed programming. We believe this strategy has the potential to improve our television division's financial performance for years to come. We currently air three original shows, *The List, The Now*, and *RightThisMinute*. *The List* is an Emmy award winning infotainment show. *The Now* is a news show designed to take the audience into a deeper dive of the day's events. *RightThisMinute* is a daily news and entertainment program featuring viral videos. We wholly own *The List* and *The Now* and are a partner in *RightThisMinute*. These three shows have replaced expensive syndicated content in the markets in which they air. For the 2016-2017 season, *The List* was available in 45 markets reaching viewers in approximately 28 percent of the country, *The Now* was available in more than 10 of our markets and *RightThisMinute* reached 94% of the nation's television households.

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

Station	Market	Network Affiliation/ DTV Channel	Affiliation Agreement Expires in	FCC License Expires in	Market Rank (1)	Stations in Market (2)	Percentage of U.S. Television Households in Mkt (3)	Average Audience Share (4)
WFTS-TV	Tampa, Ch. 28	ABC/29	2019	2021	11	12	1.7%	5
KNXV-TV	Phoenix, Ch. 15	ABC/15	2019	2022	12	13	1.7%	5
WXYZ-TV	Detroit, Ch. 7	ABC/41	2019	2021	13	8	1.6%	8
WMYD-TV	Detroit, Ch. 20	MY/21	2018	2021	13	8	1.6%	2
KMGH-TV	Denver, Ch. 7	ABC/7	2019	2022	17	11	1.4%	5
WEWS-TV	Cleveland, Ch. 5	ABC/15	2019	2021	19	8	1.3%	7
WMAR-TV	Baltimore, Ch. 2	ABC/38	2019	2020	26	6	1.0%	4
WRTV-TV	Indianapolis, Ch. 6	ABC/25	2019	2021	27	9	1.0%	6
KGTV-TV	San Diego, Ch. 10	ABC/10	2019	2022	28	11	0.9%	5
WTVF-TV	Nashville, Ch. 5	CBS/25	2018	2021	29	11	0.9%	14
KSHB-TV	Kansas City, Ch. 41	NBC/42	2018	2022	33	8	0.8%	6
KMCI-TV	Lawrence, Ch. 38	Ind./41	N/A	2022	33	8	0.8%	2
WTMJ-TV	Milwaukee, Ch. 4	NBC/28	2018	2021	35	16	0.8%	8
WCPO-TV	Cincinnati, Ch. 9	ABC/22	2019	2021	36	6	0.8%	7
WPTV-TV	W. Palm Beach, Ch. 5	NBC/12	2018	2021	38	7	0.7%	10
KTNV-TV	Las Vegas, Ch. 13	ABC/13	2017	2022	40	18	0.7%	5
WKBW-TV	Buffalo, Ch. 7	ABC/38	2018	2023	53	8	0.5%	6
KJRH-TV	Tulsa, Ch. 2	NBC/8	2018	2022	58	10	0.5%	6
WFTX-TV	Fort Myers/Naples, Ch. 4	FOX/35	2019	2021	61	10	0.5%	5
WGBA-TV	Green Bay/Appleton, Ch. 26	NBC/41	2018	2021	68	8	0.4%	7
WACY-TV	Green Bay/Appleton, Ch. 32	MY/27	2017	2021	68	8	0.4%	1
KGUN-TV	Tucson, Ch. 9	ABC/9	2017	2022	71	15	0.4%	6
KWBA-TV	Tucson, Ch. 58	CW/44	2021	2022	71	15	0.4%	1
KMTV-TV	Omaha, Ch. 3	CBS/45	2020	2022	74	11	0.4%	8
KIVI-TV	Boise, Ch. 6	ABC/24	2017	2022	106	13	0.2%	6
WSYM-TV	Lansing, Ch. 47	FOX/38	2019	2021	113	7	0.2%	7
KERO-TV	Bakersfield, Ch. 23	ABC/10	2019	2022	126	4	0.2%	5

All market and audience data is based on the November 2016 Nielsen survey, live viewing plus 7 days of viewing on DVR.

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

Historically, we have been successful in renewing our FCC licenses.

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

Revenue cycles and sources

Advertising

We sell advertising to local, national and political customers. The sale of local, national and political commercial spots accounted for 71% of our television segment’s revenues in 2016. Pricing of advertising is based on audience size and share, the demographics of our audiences and the demand for our limited inventory of commercial time. Our television stations compete for advertising revenues with other sources of local media, including competitors’ television stations in the same markets, radio stations, cable television systems, newspapers, digital platforms and direct mail.

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

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

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

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

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

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

Retransmission Revenues

We earn revenues from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. Retransmission revenues were 28% of our television segment's revenues in 2016. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. The revenue we receive is typically based on the number of subscribers the MVPD has in our local market.

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

There are approximately 17 million subscribers to MVPD services in our markets. Our current subscriber count is based on information received this year upon renewals with certain MVPD providers who previously were not required to provide such information while the retransmission rights were tied to carriage of SNI programming. We do not believe there has been a meaningful year-over-year change in the number of subscribers in our markets.

Our retransmission consent agreements with MVPD providers expire at various dates through 2020. The approximate number of subscribers to those services by year of expiration is as follows: 1 million in 2017, 6 million in 2018, 7 million in

2019 and 3 million in 2020. We expect our retransmission consent agreements with MVPD providers to be renewed upon expiration.

Other

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

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

Expenses

Employee costs accounted for 46% of segment costs and expenses in 2016.

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

Programming costs, which include network affiliation fees, syndicated programming and shows produced for us or in partnership with others, were 29% of total segment costs and expenses in 2016.

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

RADIO

We own 34 radio stations in eight markets. We operate 28 FM stations and six AM stations.

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

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

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

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

Market and Station	Format	Station Rank in Market (1)	Stations in Market (2)	FCC License Class (3)	FCC License Expires in
Milwaukee, WI					
WTMJ-AM (4)	News/Talk/Sports	3t	28	B	2020
WKTI-FM (4)	Country	13	28	B	2020
Omaha, NE					
KEZO-FM (4)	Rock	5t	19	C0	2021
KKCD-FM (4)	Classic Rock	8t	19	C2	2021
KSRZ-FM (4)	Adult Contemporary	5t	19	C	2021
KXSP-AM	Sports	17t	19	B	2021
KQCH-FM (4)	Contemporary Hits	4	19	C	2021
Tucson, AZ					
KFFN-AM	Sports (Simulcast)	20t	30	C	2021
KMXZ-FM (4)	Adult Contemporary	3	30	C	2021
KQTH-FM (4)	News/Talk	20t	30	A	2021
KTGV-FM	Rhythmic AC	12t	30	C2	2021
Knoxville, TN					
WCYQ-FM	Country	8	24	A	2020
WWST-FM (4)	Contemporary Hits	4	24	C1	2020
WKHT-FM (4)	Contemporary Hits/Rhythmic	5	24	A	2020
WNOX-FM (4)	Classic Hits	9t	24	C	2020
Boise, ID					
KJOT-FM	Variety Rock	11t	23	C	2021
KQXR-FM	Active Rock	6t	23	C1	2021
KTHI-FM	Classic Hits	11t	23	C	2021
KRVB-FM	Adult Alternative	17t	23	C	2021
Wichita, KS					
KFDI-FM (4)	Country	1	20	C	2021
KICT-FM (4)	Rock	3t	20	C1	2021
KFXJ-FM (4)	Classic Rock	7t	20	C2	2021
KFTI-AM	Classic Country	17t	20	B	2021
KYQQ-FM	Regional Mexican	12t	20	C0	2021
Springfield, MO					
KSGF-AM & FM	News/Talk (Simulcast)	8t	18	B/C3	2021
KTTS-FM	Country	1	18	C	2021
KSPW-FM	Contemporary Hits	3t	18	C2	2021
KRVI-FM	Adult Hits	3t	18	C3	2021
Tulsa, OK					
KFAQ-AM (4)	News/Talk	15t	27	A	2021
KVOO-FM (4)	Country	8t	27	C	2021
KXBL-FM (4)	Classic Country	5t	27	C1	2021
KHTT-FM	Contemporary Hits	8t	27	C0	2021
KBEZ-FM	Classic Hits	8t	27	C0	2021

(1) Station Market Rank equals the ranking of each station in its market, according to the Fall 2016 Nielsen audio survey. The diary ranking is determined based on the estimated share of persons 12 years and older and the Portable People Meter ("PPM") ranking is based on the estimated share of persons six years and older listening during an average 15-minute increment (also known as "average quarterly hour," or "AQH," share) occurring Monday-Sunday between 6:00 a.m. and midnight. When the rank is followed by the letter "t" it means tied.

(2) Includes stations qualified to be reported in the Fall 2016 Arbitron ratings book and that reported at least a 0.1 average rating.

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

(4) Stations that are broadcasting in digital.

Revenue sources

Advertising

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

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

Other

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

Expenses

Employee costs accounted for 50% of segment costs and expenses in 2016.

Programming costs, which are comprised primarily of music license fees and sports rights fees, were 20% of total segment costs and expenses in 2016. We pay music license fees to performing rights organizations which allows us to broadcast music. The sports rights fees include the costs for our exclusive rights to broadcast the Green Bay Packers and Milwaukee Brewers.

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

Broadcast licenses are granted for a term of up to eight years and are renewable upon request, subject to FCC review of the licensee's performance. All the Company’s applications for license renewal during the current renewal cycle have been granted for full terms. While there can be no assurance regarding the renewal of our broadcast licenses, we have never had a license revoked, have never been denied a renewal, and all previous renewals have been for the maximum term.

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

A television station that provides more than 15% of another in-market television station’s weekly programming will be deemed to have an attributable interest in that station that subjects the stations to the FCC’s ownership limits. The FCC in 2016 reaffirmed a 2014 decision to modify its ownership rules so as to impose this duopoly rule's restriction on separately-owned television stations within a market that engage in joint advertising sales. Station WSYM-TV, Lansing, Michigan, is a party to such a joint advertising agreement with a local station that would be subject to this requirement except that, in accord with a congressional directive, the FCC’s order grants such stations a “grandfathered” status that will permit continuation of these agreements without attribution through 2025. This order also imposed on local stations that share facilities or services such as program production an obligation to disclose these agreements in their public files. Each of stations WPTV-TV, West Palm Beach, Florida, and KIVI-TV, Nampa (Boise), Idaho, is a party to a shared services agreement with another local station pursuant to which it provides, among other services, less than 15% of the other station's weekly programming. This disclosure requirement, however, is not yet in effect, and the entire 2016 ownership order is now subject to both reconsideration by the FCC and review by an appellate court.

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

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

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

The FCC routinely reviews its ownership rules, and its decisions are then subject to judicial review. We cannot predict the outcome of the ongoing review of the FCC's most recent reconsideration of these ownership issues or the effect of any FCC revision of these ownership policies on our stations' operations or our business.

In order to provide additional spectrum for mobile broadband and other services, Congress granted the FCC authority to conduct an incentive spectrum auction in which some television broadcasters have agreed to voluntarily give up spectrum in return for a share of the auction proceeds. No Scripps station will be going off-air or relinquishing a current UHF-band allocation for a VHF-band allocation as a result of the auction. Broadcasters are concerned that the FCC's approach to the post-auction "repacking" of the remaining television stations into the reduced broadcast spectrum may not adequately protect stations' over-the-air service. Broadcasters also are concerned that the FCC's post-auction plans do not provide sufficient time to complete the repacking before the sold spectrum will be authorized for wireless use and that there will not be adequate compensation for those stations that are required to change facilities due to repacking. Implementing the post-auction changes in stations' frequencies and tower site locations may be complicated and costly, and stations located near the Canadian and Mexican borders are at particular risk of service loss and difficulty in finding alternative transmitter sites due to the need to coordinate international frequency use. Despite warnings about potential difficulties, such as a lack of available qualified tower crews for the significant number of moves that may be required, the FCC has expressed confidence that adequate time will be available to complete the repacking, and it has imposed a "hard" deadline that could require a station to cease broadcasting on its existing frequency even though an alternative facility is not yet ready to provide its over-the-air service.

The FCC is considering a proposal that would allow broadcasters to voluntarily use a new digital television standard, ATSC 3.0. Broadcasters expect that adoption of this proposal would permit stations to offer enhanced and innovative services coupled with much improved broadcast signal reception--particularly by mobile devices. The new standard, however, is incompatible with existing television receivers and with a station's ability to continue offering its service via the current digital standard. To avoid loss of service to those viewers who lack a new receiver, stations switching to ATSC 3.0 would be required to arrange for a local station that continues to use the current digital standard to simulcast (on a subchannel) one of the switching station's free program streams.

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

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

Former FCC Chairman Wheeler announced in 2016 that the Commission would not actively proceed with its rulemaking to reexamine the retransmission consent negotiation process and particularly the standards that may trigger the agency’s intervention to enforce the obligation of the parties to negotiate these agreements in “good faith.” Nevertheless, a related agency proceeding remains open that looks toward the possible elimination of the “network nonduplication” and “syndicated exclusivity” rules that permit broadcasters to enforce certain contractual programming exclusivity rights through the FCC's processes rather than by judicial proceedings. We cannot predict the outcome of these proceedings or their possible impact on the Company.

Other proceedings before the FCC and the courts have reexamined the policies that protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC has initiated a rulemaking proceeding on the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to multi-channel video programming distributors (“MVPDs”), such as cable operators and satellite systems. This proceeding raises a variety of issues, including whether some Internet-based distributors might be able to take advantage of MVPDs' statutory copyright licensing rights. We cannot predict the outcome of such proceedings that address the use of new technologies to challenge traditional means of redistributing television broadcast programming or their possible impact on the Company.

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

During recent years, the FCC has significantly increased the penalties it imposes for violations of its rules and policies. For example, a recent settlement of an investigation involving a single radio station’s failure to broadcast proper sponsorship identification announcements in a series of ads required the licensee to make a payment of over $500,000. Uncertainty continues regarding the scope of the FCC's authority to regulate indecent programming, but the agency has increased its enforcement efforts regarding other programming issues such as broadcasting proper emergency alerts and extending service to persons with disabilities. We cannot predict the effect of the FCC’s expanded enforcement efforts on the Company.

DIGITAL

Our digital segment includes a collection of local and national digital brands. The local brands consist of our local television and radio station websites, as well as the related smartphone and tablet apps, which earn revenues from advertising sales and related digital advertising products and marketing services. Our local digital sites offer comprehensive local news, information and user-generated content, as well as national content and other content sources. We continue to enhance our online and digital services using features such as long-form text articles in addition to streaming video and audio, to deliver news and information. Many of our journalists routinely produce videos for consumption through our digital platforms and use an array of social media sites, such as Facebook, YouTube and Twitter, to communicate with and build our audiences. We have embraced mobile technology by offering our products on apps available on the Apple, Android, Kindle Fire and Windows platforms. During the fourth quarter of 2016 our local markets served 262 million page views and had an average of 24.9 million unique users; we had approximately 960,000 monthly active users of our local, mobile and tablet apps; and combined, our local websites and mobile products delivered approximately 156 million video views.

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

Our national digital brands include Cracked, Newsy and Midroll Media (Midroll). Cracked is a multi-platform humor and satire brand which informs and entertains millennial audiences with a website, original digital video, social media and a popular podcast. During 2016, there was an average of 11 million unique visitors per month to Cracked.com and since its acquisition in June of this year, there was an average of 18 million video views per month on YouTube. Additionally, as of the end of 2016, Cracked had 3.8 million Facebook fans. Newsy is an OTT video news service focused on the millennial generation that brings perspective and analysis to reporting on world and national news, including politics, entertainment, science and technology. Newsy's content is distributed on ten platforms providing OTT video services, including Hulu, Roku, Amazon Fire TV, Apple TV, Sling TV and Chromecast. During 2016, Newsy experienced 74% year-over-year video streaming growth and users had an average engagement time of 27 minutes. Another national digital brand, Midroll, is a podcast industry leader that creates original podcasts and operates a network that generates revenue for more than 200 shows, with on-air talent such as Marc Maron and Bill Simmons. Midroll is the parent company of the popular podcast listening platform, Stitcher, and the premium subscription service, Howl, which operates through a smartphone app that makes it easier to find and engage with podcasts. During the fourth quarter of 2016, Midroll's podcasts were downloaded an average of 91 million times per month.

Revenue sources

Digital advertising

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

Another source of advertising revenue comes from our national digital brand Midroll. Midroll earns revenue from the sale of advertisement spots on its original podcasts which it creates and distributes through its owned-and-operated network, Earwolf, as well as on platforms such as the Stitcher app and the Apple iTunes app.

Other

Other revenue sources primarily include digital marketing, podcast agency and subscription services.

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

The primary source of subscription revenue comes from Howl, which is a subscription service launched by Midroll in August 2015, where users pay a standard monthly or annual fee for access to premium content and ad-free archived podcast episodes. In December 2016, Midroll launched the Stitcher Premium subscription service, which includes Howl, on the Stitcher platform.

Expenses

Employee costs accounted for 60% of segment costs and expenses in 2016.

Other segment costs and expenses in 2016 were attributable to news coverage costs, network and digital hosting costs and other miscellaneous expenses.

Syndication and Other

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

Employees

As of December 31, 2016, we had approximately 4,100 full-time equivalent employees, of whom approximately 3,000 were with television, 400 with radio and 500 with our digital operations. Various labor unions represent approximately 450 employees, the majority of which are in television. We have not experienced any work stoppages at our current operations since 1985. We consider our relationships with our employees to be satisfactory.

Item 1A. Risk Factors

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

Risks Related to Our Businesses

We expect to derive the majority of our revenues from marketing and advertising spending, which is affected by numerous factors. Declines in advertising revenues will adversely affect the profitability of our business.

The demand for advertising on television and radio stations is sensitive to a number of factors, both locally and nationally, including the following:

- The advertising and marketing spending by customers can be subject to seasonal and cyclical variations and are likely to be adversely affected during economic downturns.

- Television and radio advertising revenues in even-numbered years benefit from political advertising, which is affected by campaign finance laws, as well as the competitiveness of specific political races in the markets where our television and radio stations operate.

- Continued consolidation and contraction of local advertisers in our local markets could adversely impact our operating results, given that we expect the majority of our advertising to be sold to local businesses in our markets.

- Television audiences continue to fragment in recent years as the broad distribution of cable and satellite television has greatly increased the options available to the public for viewing programming including live sports. Continued fragmentation of television audiences, and the growth of internet programming and streaming services, could adversely impact advertising rates, which will reflect the size and demographics of the audience reached by advertisers through our media businesses.

- Television stations have significant exposure to advertising in the automotive, retail and services industries. If advertising within these industries declines and we are unable to secure replacement advertisers, advertising revenues could decline and affect our profitability.

If we are unable to respond to any or all of these factors, our advertising revenues could decline and affect our profitability.

Programmatic advertising models that allow advertisers to buy audiences at scale or through automated processes may begin to play a more significant role in the local television and radio advertising marketplace, and may cause downward pricing pressure, resulting in a loss of revenue that could materially adversely affect broadcast television operations.

Several national advertising agencies are employing an automated process known as "programmatic buying" to gain efficiencies and reduce costs related to buying local TV spot advertising. Growth in advertising revenues will rely in part on the ability to maintain and expand relationships with existing and future advertisers. The implementation of a programmatic model, where automation replaces existing pricing and allocation methods, could turn local advertising inventory into a price-driven commodity, reducing the value of these relationships and related revenues. We cannot predict the pace at which programmatic buying will be adopted or utilized in the broadcast industry. Widespread adoption causing downward pricing pressure could result in a loss of revenue and materially adversely affect future broadcast operations.

The growth of direct content-to-consumer delivery channels may fragment our television audiences. This fragmentation could adversely impact advertising rates as well as cause a reduction in the revenues we receive from retransmission consent agreements, resulting in a loss of revenue that could materially adversely affect our television broadcast operations.

We deliver our television programming to our audiences over air and through cable and satellite service providers. Our television audience is being fragmented by the digital delivery of content directly to the consumer audience. Content providers, such as the "Big 4" broadcast networks, cable networks such as HBO and Showtime, and new content developers, distributors and syndicators such as Amazon, Hulu and Netflix, are now able to deliver their programming directly to consumers, over-the-top ("OTT"). The delivery of content directly to a consumer allows them to bypass the programming we deliver, which may impact our audience size. Fragmentation of our audiences could impact the rates we receive from our advertisers. In addition, fewer subscribers of cable and satellite service providers would also impact the revenue we receive from retransmission consent agreements.

Widespread adoption of OTT by our audiences could result in a reduction of our advertising and retransmission revenues and affect our profitability.

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

Our local media businesses operate in a changing and increasingly competitive environment. We will have to continually invest in new business initiatives and modify strategies to maintain our competitive position. Investment in new business strategies and initiatives could disrupt our ongoing business and present risks not originally contemplated.

The profile of television and radio audiences has shifted dramatically in recent years as viewers access news and other content online or through mobile devices and as they spend more discretionary time with social media. While slow and steady declines in audiences have been somewhat offset by growing viewership on digital platforms, digital advertising rates are typically much lower than broadcast advertising rates on a cost-per-thousand basis. This audience shift results in lower profit margins. To remain competitive, we believe we must adjust business strategies and invest in new business initiatives, particularly within digital media. Development of new products and services may require significant costs. The success of these initiatives depends on a number of factors, including timely development and market acceptance. Investments we make in new strategies and initiatives may not perform as expected.

The loss of affiliation agreements could adversely affect our television stations' operating results.

Fifteen of our stations have affiliations with the ABC television network, five with the NBC television network, two with each of the FOX, CBS and MyNetwork television networks and one with The CW television network. These television networks produce and distribute programming which our stations commit to air at specified times. Networks sell commercial advertising time during their programming, and the "Big 4" networks, ABC, NBC, CBS and FOX, also require stations to pay fees for the right to carry their programming. These fees may be a percentage of retransmission revenues that the stations receive (see below) or may be fixed amounts. There is no assurance that we will be able to reach agreements in the future with networks about the amount of these fees.

The non-renewal or termination of our network affiliation agreements would prevent us from being able to carry programming of the respective network. Loss of network affiliation would require us to obtain replacement programming and may not be as attractive to target audiences, resulting in lower advertising revenues. In addition, loss of any of the "Big 4" network affiliations would result in materially lower retransmission revenue.

Our retransmission consent revenue may be adversely affected by renewals of retransmission consent agreements and network affiliation agreements, by consolidation of cable or satellite television systems, by new technologies for the distribution of broadcast programming, or by revised government regulations.

As our retransmission consent agreements expire, there can be no assurance that we will be able to renew them at comparable or better rates. As a result, retransmission revenues could decrease and retransmission revenue growth could decline over time. If a multichannel video programming distributor (an "MVPD") in our markets acquires additional distribution systems, our retransmission revenue could be adversely affected if our retransmission agreement with the acquiring MVPD has lower rates or a longer term than our retransmission agreement with the MVPD whose systems are being sold.

The use of new technologies to redistribute broadcast programming, such as those that rely upon the Internet to deliver video programming or those that receive and record broadcast signals over the air via an antenna and then retransmit that information digitally to customers' television sets, specialty set-top boxes, or computer or mobile devices, could adversely affect our retransmission revenue if such technologies are not found to be subject to copyright or other legal restrictions or to regulations that apply to MVPDs such as cable operators or satellite carriers.

Changes in the Communications Act of 1934, as amended (the "Communications Act") or the FCC's rules with respect to the negotiation of retransmission consent agreements between broadcasters and MVPDs could also adversely impact our ability to negotiate acceptable retransmission consent agreements. In addition, continued consolidation among cable television operators could adversely impact our ability to negotiate acceptable retransmission consent agreements.

There are proceedings before the FCC and legislation has been proposed in Congress reexamining policies that now protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC is considering the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to MVPDs. Should the FCC determine that Internet-based distributors may avoid its MVPD rules, broadcasters' ability to rely on the protection of the MVPD retransmission consent requirements and other regulations could be jeopardized. We cannot predict the outcome of these and other proceedings that address the use of new technologies to challenge traditional means of redistributing broadcast programming or their possible impact on our operations.

Our television stations will continue to be subject to government regulations which, if revised, could adversely affect our operating results.

- Pursuant to FCC rules, local television stations must elect every three years to either (1) require cable operators and/or direct broadcast satellite carriers to carry the stations' over the air signals or (2) enter into retransmission consent negotiations for carriage. At present, all of our stations have retransmission consent agreements with cable operators and satellite carriers. If our retransmission consent agreements are terminated or not renewed, or if our broadcast signals are distributed on less-favorable terms, our ability to compete effectively may be adversely affected.

- If we cannot renew our FCC broadcast licenses, our broadcast operations will be impaired. Our business will depend upon maintaining our broadcast licenses from the FCC, which has the authority to revoke licenses, not renew them, or renew them only with significant qualifications, including renewals for less than a full term. We cannot assure that future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect operations. If the FCC fails to renew any of these licenses, it could prevent us from operating the affected stations. If the FCC renews a license with substantial conditions or modifications (including renewing the license for a term of fewer than eight years), it could have a material adverse effect on the affected station's revenue potential.

- As discussed under Federal Regulation of Broadcasting, the FCC is in the process of completing an auction in which some television licensees voluntarily auctioned away their spectrum rights. After this auction, an undetermined number of the remaining television stations will have their licenses modified to specify new operating frequencies and/or new transmitter locations, and the FCC is setting tight deadlines for the completion of these facility changes in order to make the reallocated spectrum promptly available to the wireless service buyers. Depending on the number of such relocations required and other factors such as the availability of specialized technical assistance and custom-made equipment, weather issues, and, for stations near international borders, the cooperation of foreign governments, some stations could confront substantial costs and difficulty in completing these relocations within the allotted time, adversely affecting these stations' over-the-air service.

- As also discussed under Federal Regulation of Broadcasting, the FCC is expected to promptly consider broadcasters' proposal to permit the voluntary use of a new digital television transmission standard, ATSC 3.0, that is incompatible with the existing standard. Much uncertainty exists concerning the costs, benefits, and public acceptance of the services expected to become possible under this new standard, and television stations could be adversely affected by moving either too quickly or too slowly towards its adoption.

- The FCC and other government agencies are continually considering proposals intended to promote consumer interests. New government regulations affecting the television industry could raise programming costs, restrict broadcasters' operating flexibility, reduce advertising revenues, raise the costs of delivering broadcast signals, or otherwise affect operating results. We cannot predict the nature or scope of future government regulation or its impact on our operations.

Sustained increases in costs of employee health and welfare plans and funding requirements of our pension obligations may reduce the cash available for our business.

Employee compensation and benefits account for a significant portion of our total operating expenses. In recent years, we have experienced significant increases in employee benefit costs. Various factors may continue to put upward pressure on the cost of providing medical benefits. Although we actively seek to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce the profitability of our businesses.

At December 31, 2016, the projected benefit obligations of our defined benefit pension plans exceeded plan assets by $213 million. Accrual of service credits are frozen under both defined benefit pension plans, including those covered under supplemental executive retirement plans. These pension plans invest in a variety of equity and debt securities, many of which were affected by the disruption in the credit and capital markets in 2008 and 2009. Future volatility and disruption in the stock and bond markets could cause declines in the asset values of these plans. In addition, a decrease in the discount rate used to determine minimum funding requirements could result in increased future contributions. If either occurs, we may need to make additional pension contributions above what is currently estimated, which could reduce the cash available for our businesses.

We may be unable to effectively integrate any new business we acquire.

We may make future acquisitions and could face integration challenges and acquired businesses could significantly under-perform relative to our expectations. If acquisitions are not successfully integrated, our revenues and profitability could be adversely affected, and impairment charges may result if acquired businesses significantly under perform relative to our expectations.

We will continue to face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of operations, damage to our brands and reputation, legal exposure and financial losses.

Security breaches, malware or other "cyber attacks" could harm our business by disrupting delivery of services, jeopardizing our confidential information and that of our vendors and clients, and damaging our reputation. Our operations are routinely involved in receiving, storing, processing and transmitting sensitive information. Although we monitor security measures regularly, any unauthorized intrusion, malicious software infiltration, theft of data, network disruption, denial of service, or similar act by any party could disrupt the integrity, continuity, and security of our systems or the systems of our clients or vendors. These events, or our failure to employ new technologies, revise processes and invest in people to sustain our ability to defend against cyber threats, could create financial liability, regulatory sanction, or a loss of confidence in our ability to protect information, and adversely affect our revenue by causing the loss of current or potential clients.

We may be required to satisfy certain indemnification obligations to Journal Media Group or may not be able to collect on indemnification rights from Journal Media Group.

Under the terms of the master agreement governing the Scripps/Journal transaction, we (as successor to Journal) will indemnify Journal Media Group, and Journal Media Group will indemnify us (as successor to Journal), for all damages, liabilities and expenses resulting from a breach by the applicable party of the covenants contained in the master agreement that continued in effect after the April 1, 2015, closing. We (as successor to Journal) will indemnify Journal Media Group for all damages, liabilities and expenses incurred by it relating to the entities, assets and liabilities retained by Scripps or Journal, and Journal Media Group will indemnify us (as successor to Journal) for all damages, liabilities and expenses incurred by it relating to Journal Media Group's entities, assets and liabilities.

In addition, we will indemnify Journal Media Group, and Journal Media Group will indemnify us, for all damages, liabilities and expenses resulting from a breach by the other of any of the representations, warranties or covenants contained in the tax matters agreements. Journal Media Group will also indemnify us for all damages, liabilities and expenses arising out of any tax imposed with respect to the Scripps newspaper spin-off if such tax is attributable to any act, any failure to act or any omission by Journal Media Group or any of its subsidiaries. We will indemnify Journal Media Group for all damages, liabilities and expenses relating to pre-closing taxes or taxes imposed on Journal Media Group or its subsidiaries because Scripps spin entity or Journal spin entity was part of the consolidated return of Scripps or Journal, and Journal Media Group will indemnify us for all damages, liabilities and expenses relating to post-closing taxes of Journal Media Group or its subsidiaries.

The indemnification obligations described above could be significant and we cannot presently determine the amount, if any, of indemnification obligations for which we will be liable or for which we will seek payment from Journal Media Group. Journal Media Group's ability to satisfy these indemnities will depend upon future financial performance. Similarly, our ability to satisfy any such obligations to Journal Media Group will depend on our future financial performance. We cannot assure that we will have the ability to satisfy any substantial obligations to Journal Media Group or that Journal Media Group will have the ability to satisfy any substantial indemnity obligations to us.

Journal Media Group is a party to a merger agreement pursuant to which it became a wholly owned subsidiary of Gannett Co., Inc. in the first quarter of 2016. The completion of this merger did not change the indemnification obligations of Scripps or Journal Media Group described above nor did it result in Gannett Co., Inc. itself bearing any responsibility to fulfill Journal Media Group's obligations to us.

Risks Related to the Ownership of Scripps Class A Common Shares

Certain descendants of Edward W. Scripps own approximately 93% of Scripps Common Voting shares and are signatories to the Scripps Family Agreement, which governs the transfer and voting of Common Voting shares held by them.

As a result of the foregoing, these descendants have the ability to elect two-thirds of the Board of Directors and to direct the outcome of any matter on which the Ohio Revised Code ("ORC") does not require a vote of our Class A Common shares. Under our articles of incorporation, holders of Class A Common shares vote only for the election of one-third of the Board of Directors and are not entitled to vote on any matter other than a limited number of matters expressly set forth in the ORC as requiring a separate vote of both classes of stock. Because this concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction, the market price of our Class A Common shares could be adversely affected.

We have the ability to issue preferred stock, which could affect the rights of holders of our Class A Common shares.

Our articles of incorporation allow the Board of Directors to issue and set the terms of 25 million shares of preferred stock. The terms of any such preferred stock, if issued, may adversely affect the dividend, liquidation and other rights of holders of our Class A Common shares.

The public price and trading volume of our Class A Common shares may be volatile.

The price and trading volume of our Class A Common shares may be volatile and subject to fluctuation. Some of the factors that could cause fluctuation in the stock price or trading volume of Class A Common shares include:

- general market and economic conditions and market trends, including in the television and radio broadcast industries and the financial markets generally;

- the political, economic and social situation in the United States;
- variations in quarterly operating results;
- inability to meet revenue projections;
- announcements by us or competitors of significant acquisitions, strategic partnerships, joint ventures, capital commitments or other business developments;
- adoption of new accounting standards affecting the broadcast industry;
- operations of competitors and the performance of competitors' common stock;
- litigation and governmental action involving or affecting us or our subsidiaries;
- changes in financial estimates and recommendations by securities analysts;
- recruitment of key personnel;
- purchases or sales of blocks of our Class A Common shares;
- operating and stock performance of companies that investors may consider to be comparable to us; and
- changes in the regulatory environment, including rulemaking or other actions by the FCC.

There can be no assurance that the price of our Class A Common shares will not fluctuate or decline significantly. The stock market in recent years has experienced considerable price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies and that could adversely affect the price of our Class A Common shares, regardless of the company's operating performance. Stock price volatility might be higher if the trading volume of our Class A Common shares is low. Furthermore, shareholders may initiate securities class action lawsuits if the market price of our Class A Common shares declines significantly, which may cause us to incur substantial costs and divert the time and attention of our management.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

None.

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

Name	Age	Position
Richard A. Boehne	60	President, Chief Executive Officer and Director (since July 2008); Executive Vice President (1999 to 2008) and Chief Operating Officer (2006 to 2008)
Adam Symson	42	Chief Operating Officer (since November 2016); Senior Vice President/Digital (February 2013 to November 2016); Chief Digital Officer (2011 to February 2013); Vice President Interactive Media/Television (2007 to 2011)
Timothy M. Wesolowski	58	Senior Vice President and Chief Financial Officer (since August 2011); Treasurer (2011 to 2015); Senior Vice President Finance - Call Center Division, Convergys Corporation (2010 to 2011); Senior Vice President Finance/Controller, Convergys Corporation (2006 to 2009)
William Appleton	68	Senior Vice President and General Counsel (since July 2008); Managing Partner Cincinnati office, Baker & Hostetler, LLP (2003 to 2008)
Lisa A. Knutson	51	Senior Vice President/Chief Administrative Officer (since September 2011); Senior Vice President/Human Resources (2008 to 2011)
Brian G. Lawlor	50	Senior Vice President/Television (since January 2009); Vice President/General Manager of WPTV (2004 to 2008)
Douglas F. Lyons	60	Vice President, Controller (since July 2008) and Treasurer (since May 2015); Vice President Finance/Administration (2006 to 2008), Director Financial Reporting (1997 to 2006)

PART II

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

Our Class A Common shares are traded on the New York Stock Exchange (“NYSE”) under the symbol “SSP.” As of December 31, 2016, there were approximately 13,600 owners of our Class A Common shares, based on security position listings, and 50 owners of our Common Voting shares (which do not have a public market). On April 1, 2015, Scripps' shareholders received a $60 million special cash dividend as part of the Journal broadcast merger and newspaper spin-off transactions. We did not pay any cash dividends in 2016.

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

	Quarter			
	1st	2nd	3rd	4th
2016				
Market price of common stock:				
High	$ 19.25	$ 17.69	$ 17.80	$ 19.41
Low	15.59	14.66	14.93	12.62
Cash dividends per share of common stock	$ —	$ —	$ —	$ —
2015				
Market price of common stock:				
High	$ 28.44	$ 25.41	$ 23.10	$ 22.56
Low	19.73	21.73	16.01	17.27
Cash dividends per share of common stock	$ —	$ 1.03	$ —	$ —

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

The following table provides information about Company purchases of Class A Common shares during the quarter ended December 31, 2016 and the remaining amount that may still be purchased under the program.

Period	Total number of shares purchased	Average price paid per share	Total market value of shares purchased	Maximum value that may yet be purchased under the plans or programs[a]
10/1/16-10/31/16	347,600	$ 15.05	$ 5,231,475	$ 48,873,594
11/1/16-11/30/16	364,900	14.66	5,349,228	$ 43,524,366
12/1/16-12/31/16	229,541	18.07	4,147,433	$ —
Total	942,041	$ 15.63	$ 14,728,136	

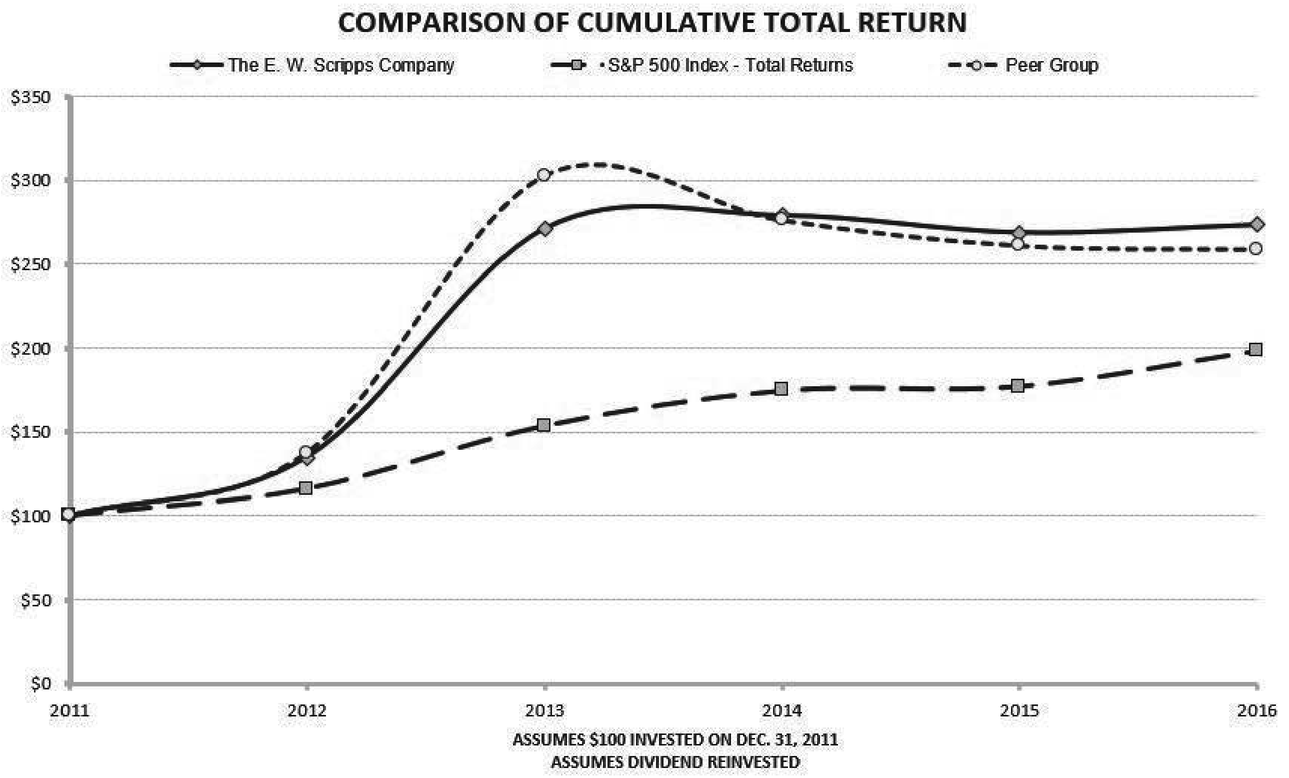
[a] The May 2014 repurchase program expired on December 31, 2016. No additional shares may be purchased under the program.

In May 2014, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares. We repurchased a total of $60.6 million shares under this authorization through December 31, 2016. Before this authorization expired at the end of December 2016, an additional $0.5 million of shares were repurchased but not settled until 2017.

In November 2016, our Board of Directors authorized a new repurchase program of up to $100 million of our Class A Common shares through December 31, 2018. No shares had been repurchased under this program as of December 31, 2016.

Performance Graph — Set forth below is a line graph comparing the cumulative return on the Company's Class A Common shares, assuming an initial investment of $100 as of December 31, 2011, and based on the market prices at the end of each year and assuming dividend reinvestment, with the cumulative return of the Standard & Poor's Composite-500 Stock Index and an Index based on a peer group of media companies. The spin-off of our newspaper business at April 1, 2015 is treated as a reinvestment of a special dividend pursuant to SEC rules.

We regularly evaluate and revise our Peer Group Index as necessary so that it is reflective of our Company's portfolio of businesses. The companies that comprise our Current Peer Group Index are Nexstar Broadcasting Group, TEGNA, Media General, Sinclair Broadcast Group, Tribune Media, Gray Television, Saga Communications and Beasley Broadcast Group. The Peer Group Index is weighted based on market capitalization.



	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
The E. W. Scripps Company	$ 100.00	$ 134.96	$ 271.16	$ 279.03	$ 268.78	$ 273.45
S&P 500 Index	100.00	116.00	153.57	174.60	177.01	198.18
Current Peer Group Index	100.00	137.50	302.82	276.05	260.79	258.59

Item 6. Selected Financial Data

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

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

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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

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

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

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

The Proxy Statement will be filed with the Securities and Exchange Commission in connection with our 2017 Annual Meeting of Shareholders.

Item 11. Executive Compensation

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

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

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

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

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

Item 14. Principal Accounting Fees and Services

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

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report:

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

The reports of Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, dated February 24, 2017, are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

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

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

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE E. W. SCRIPPS COMPANY

Dated: February 24, 2017

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated, on February 24, 2017.

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

The E. W. Scripps Company
Index to Consolidated Financial Statement Information

Item No.	Page
1. Selected Financial Data	F-2
2. Management's Discussion and Analysis of Financial Condition and Results of Operations	F-3
3. Quantitative and Qualitative Disclosures About Market Risk	F-23
4. Controls and Procedures (Including Management's Report on Internal Control Over Financial Reporting)	F-23
5. Reports of Independent Registered Public Accounting Firm	F-25
6. Consolidated Balance Sheets	F-27
7. Consolidated Statements of Operations	F-28
8. Consolidated Statements of Comprehensive Income (Loss)	F-29
9. Consolidated Statements of Cash Flows	F-30
10. Consolidated Statements of Equity	F-31
11. Notes to Consolidated Financial Statements	F-32

Selected Financial Data
Five-Year Financial Highlights

	For the years ended December 31,				
(in millions, except per share data)	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)
Summary of Operations (2)					
Total operating revenues	$ 943	$ 716	$ 499	$ 432	$ 504
Income (loss) from continuing operations before income taxes	106	(99)	9	(22)	41
Income (loss) from continuing operations, net of tax	67	(67)	9	(10)	31
Depreciation and amortization of intangibles	(59)	(52)	(32)	(31)	(30)
Per Share Data					
Income (loss) from continuing operations — diluted	$ 0.79	$ (0.86)	$ 0.16	$ (0.18)	$ 0.57
Cash dividends	—	1.03	—	—	—
Market Value of Common Shares at December 31					
Per share	$ 19.33	$ 19.00	$ 22.35	$ 21.72	$ 10.81
Total	1,585	1,591	1,274	1,217	600
Balance Sheet Data					
Total assets	$ 1,728	$ 1,681	$ 1,031	$ 966	$ 1,031
Long-term debt (including current portion)	393	399	196	200	196
Equity	946	901	520	548	540

Notes to Selected Financial Data

As used herein and in Management's Discussion and Analysis of Financial Condition and Results of Operations, the terms "Scripps," "Company," "we," "our," or "us" may, depending on the context, refer to The E. W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

The statement of operations and cash flow data for the five years ended December 31, 2016, and the balance sheet data as of the same dates have been derived from our audited consolidated financial statements. All per-share amounts are presented on a diluted basis. The five-year financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere herein.

(1) **2016** — On April 12, 2016, we acquired Cracked. On June 6, 2016, we acquired Stitcher. Operating results for each are included for periods after the acquisitions.

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

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

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

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

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

The consolidated financial statements and notes to consolidated financial statements are the basis for our discussion and analysis of financial condition and results of operations. You should read this discussion in conjunction with those financial statements.

Forward-Looking Statements

Certain forward-looking statements related to our businesses are included in this discussion. Those forward-looking statements reflect our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. A detailed discussion of principal risks and uncertainties which may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors”. The words “believe,” “expect,” “anticipate,” “estimate,” “intend” and similar expressions identify forward-looking statements. You should evaluate our forward-looking statements, which are as of the date of this filing, with the understanding of their inherent uncertainty. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date the statement is made.

Executive Overview

The E.W. Scripps Company (“Scripps”) is a diverse media enterprise, serving audiences and businesses through a portfolio of television, radio and digital media brands. Scripps is one of the nation’s largest independent TV station ownership groups, with 33 television stations in 24 markets and a reach of nearly one in five U.S. television households. We have affiliations with all of the "Big 4" television networks. We also own 34 radio stations in eight markets. We operate an expanding collection of local and national digital journalism and information businesses including our podcast business, Midroll, the multi-platform humor and satire brand, Cracked, and over-the-top ("OTT") video news service, Newsy. We also produce television programming, run an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational program, the Scripps National Spelling Bee.

On April 1, 2015, Scripps and Journal Communications, Inc. ("Journal") closed their transactions to merge their broadcast operations and spin-off their newspaper businesses into a separate publicly traded company.

We continued the expansion of our digital business through two acquisitions during 2016. On April 12, 2016 we acquired the multi-platform humor and satire brand Cracked, which informs and entertains millennial audiences with a website, original digital video, social media and a popular podcast. This acquisition provides an opportunity to expand our OTT footprint for both video and audio. The purchase price was $39 million in cash. On June 6, 2016 we acquired Stitcher, a popular podcast listening service which facilitates discovery and streaming for more than 65,000 podcasts for a $4.5 million cash purchase price.

On July 22, 2015, we acquired Midroll Media, a company that creates original podcasts and operates a network that sells advertising for more than 200 shows, including “WTF with Marc Maron" and "Comedy Bang! Bang!” The purchase price was $50 million in cash, plus a $10 million earnout provision.

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 individual business segments that follows.

Consolidated Results of Operations

Consolidated results of operations were as follows:

	For the years ended December 31,				
(in thousands)	2016	Change	2015	Change	2014
Operating revenues	$ 943,047	31.8 %	$ 715,656	43.5%	$ 498,752
Employee compensation and benefits	(373,552)	9.9 %	(340,042)	31.9%	(257,870)
Programs and program licenses	(174,584)	43.7 %	(121,479)	118.9%	(55,487)
Other expenses	(194,227)	18.9 %	(163,297)	41.8%	(115,175)
Defined benefit pension plan expense	(14,332)	(75.6)%	(58,674)		(5,671)
Acquisition and related integration costs	(578)		(37,988)		(9,708)
Depreciation and amortization of intangibles	(58,581)		(51,952)		(32,180)
Impairment of goodwill and intangibles	—		(24,613)		—
(Losses) gains, net on disposal of property and equipment	(543)		(483)		2,872
Operating income (loss)	126,650		(82,872)		25,533
Interest expense	(18,039)		(15,099)		(8,494)
Miscellaneous, net	(2,646)		(1,421)		(7,693)
Income (loss) from continuing operations before income taxes	105,965		(99,392)		9,346
(Provision) benefit for income taxes	(38,730)		32,755		111
Income (loss) from continuing operations, net of tax	67,235		(66,637)		9,457
(Loss) income from discontinued operations, net of tax	—		(15,840)		1,072
Net income (loss)	$ 67,235		$ (82,477)		$ 10,529

2016 compared with 2015

Midroll and Cracked were acquired on July 22, 2015 and April 12, 2016, respectively, and are collectively referred to as the "acquired digital operations." The Company completed its acquisition of the Journal television and radio stations on April 1, 2015, which are referred to as the "acquired stations." The inclusion of operating results from these businesses for the periods subsequent to their acquisitions impacts the comparability of our consolidated and segment operating results.

Operating revenues increased 31.8% in 2016 due to an increase of almost $92 million in television political advertising revenues, higher retransmission revenues, higher digital revenues from our local digital operations, as well as the acquisition of the acquired stations and acquired digital operations. The comparability of year-over-year revenues was impacted by $65 million of revenues from the acquired stations and $18 million of revenues from the acquired digital operations. Retransmission revenues, excluding the impact of the acquired stations, increased almost $70 million due to the renewal of retransmission agreements with higher rates and contractual rate increases. Rate increases from the renewal of contracts covering 3 million households were effective from the beginning of 2016 and contracts covering an additional 3 million households were effective in the fourth quarter of 2016.

Employee compensation and benefits increased 9.9% in 2016, primarily driven by the impact of the acquired stations and acquired digital operations.

Programs and program licenses expense increased 43.7% in 2016, primarily due to the acquired stations and higher network affiliation fees. Programming costs of the acquired stations was $10 million of the increase year-over-year. The remainder of the increase for the year was from higher network affiliation license fees of $47 million, which was partially offset by lower syndicated programming expense.

Other expenses are comprised of the following:

	For the years ended December 31,		
(in thousands)	2016	Change	2015
Facilities rent and maintenance	$ 38,255	12.7%	$ 33,937
Ratings and consumer research services	21,593	17.3%	18,405
Purchased news and content	12,461	40.2%	8,888
Marketing and promotion	13,631	12.7%	12,097
Miscellaneous costs	108,287	20.4%	89,970
Total other expenses	$ 194,227	18.9%	$ 163,297

Other expenses increased in 2016 compared to prior year, most of which was driven by the acquired stations and the acquired digital operations.

Acquisition and related integration costs of $0.6 million in 2016 and $38.0 million in 2015 include costs for spinning off our newspaper operations and costs associated with acquisitions, such as investment banking, legal and accounting fees, as well as costs to integrate the acquired businesses.

Depreciation and amortization expense increased from $52 million in 2015 to $59 million in 2016 due to a full year of expense from the acquired stations and as well as the impact of the acquired digital operations.

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

Defined benefit plan expense decreased by $44.3 million year-over-year. The prior year included a $45.7 million non-cash settlement charge for the lump-sum pension benefit payments made to certain pension participants and a $1.1 million curtailment charge resulting from the spin-off of our newspaper business. The current year included a full year of expense from the pension plans acquired in the Journal transactions.

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

The effective income tax rate was 36.5% and 33.0% for 2016 and 2015, respectively. State taxes and non-deductible expenses impacted our effective rate. Certain portions of the transaction costs we incurred in connection with the Journal transactions in 2015 are not deductible and the 2015 write-down in the carrying value of Newsy goodwill is not deductible for income taxes. In addition, our effective income tax rates for 2016 and 2015 were impacted by tax settlements and changes in our reserve for uncertain tax positions. In 2016 and 2015, we recognized $0.9 million and $2.5 million, respectively, of previously unrecognized tax benefits upon settlement of tax audits or upon the lapse of the statutes of limitations in certain jurisdictions. In addition, our 2016 provision includes $1.7 million of excess tax benefits from the exercise and vesting of share-based compensation awards.

2015 compared with 2014

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

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

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

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

Other expenses are comprised of the following:

	For the years ended December 31,		
(in thousands)	2015	Change	2014
Facilities rent and maintenance	$ 33,937	29.9%	$ 26,117
Ratings and consumer research services	18,405	34.5%	13,680
Purchased news and content	8,888	76.2%	5,044
Marketing and promotion	12,097	72.9%	6,997
Miscellaneous costs	89,970	42.0%	63,337
Total other expenses	$ 163,297	41.8%	$ 115,175

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

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

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

The evolution of the OTT market created new distribution platforms for Newsy as well as provided significant opportunities to expand the Newsy audience. The development of OTT services has required additional investment in Newsy. The additional investment, combined with other market changes that resulted in the slower development of our original revenue model, created indications of impairment of goodwill as of September 30, 2015. In the third quarter of 2015, we recorded a $21 million non-cash charge to reduce the carrying value of goodwill and $2.9 million to reduce the value of certain intangible assets.

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

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

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

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

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

Discontinued Operations

Discontinued operations reflect the historical results of our newspaper operations, which were spun-off on April 1, 2015.

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

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

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

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

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

	For the years ended December 31,				
(in thousands)	2016	Change	2015	Change	2014
Segment operating revenues:					
Television	$ 802,134	31.6 %	$ 609,551	30.5 %	$ 466,965
Radio	70,860	20.3 %	58,881		—
Digital	62,076	59.5 %	38,928	70.1 %	22,881
Syndication and other	7,977	(3.8)%	8,296	(6.8)%	8,906
Total operating revenues	$ 943,047		$ 715,656		$ 498,752
Segment profit (loss):					
Television	$ 249,268	78.3 %	$ 139,797	2.6 %	$ 136,319
Radio	12,797	(0.3)%	12,837		—
Digital	(16,358)	(4.4)%	(17,103)	(25.1)%	(22,828)
Syndication and other	(801)		(1,074)		(1,499)
Shared services and corporate	(44,222)	1.4 %	(43,619)	4.4 %	(41,772)
Defined benefit pension plan expense	(14,332)		(58,674)		(5,671)
Acquisition and related integration costs	(578)		(37,988)		(9,708)
Depreciation and amortization of intangibles	(58,581)		(51,952)		(32,180)
Impairment of goodwill and intangibles	—		(24,613)		—
(Losses) gains, net on disposal of property and equipment	(543)		(483)		2,872
Interest expense	(18,039)		(15,099)		(8,494)
Miscellaneous, net	(2,646)		(1,421)		(7,693)
Income (loss) from continuing operations before income taxes	$ 105,965		$ (99,392)		$ 9,346

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

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

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

Operating results for our television segment were as follows:

	For the years ended December 31,				
(in thousands)	2016	Change	2015	Change	2014
Segment operating revenues:					
Local	$ 326,929	3.8%	$ 315,054	33.1%	$ 236,772
National	139,664	1.3%	137,935	26.0%	109,448
Political	100,761		9,151		57,981
Retransmission	220,723	61.6%	136,571	143.1%	56,185
Other	14,057	29.7%	10,840	64.8%	6,579
Total operating revenues	802,134	31.6%	609,551	30.5%	466,965
Segment costs and expenses:					
Employee compensation and benefits	256,571	5.9%	242,303	28.0%	189,261
Programs and program licenses	162,821	47.1%	110,722	99.5%	55,487
Other expenses	133,474	14.3%	116,729	35.9%	85,898
Total costs and expenses	552,866	17.7%	469,754	42.1%	330,646
Segment profit	$ 249,268	78.3%	$ 139,797	2.6%	$ 136,319

2016 compared with 2015

The Company completed its acquisition of the Journal television stations on April 1, 2015. The inclusion of operating results from this transaction for the periods subsequent to the acquisition impacts the comparability of the television division operating results.

Revenues

Total television revenues increased 31.6% in 2016. The comparability of year-over-year revenues was impacted by $48.7 million of revenues from the acquired television stations. Increased retransmission revenues and higher political revenues in a presidential-election year drove most of the remaining year-over-year increase. Retransmission revenues, excluding the impact of the acquired television stations, increased almost $70 million due to the renewal of retransmission agreements with higher rates and contractual rate increases. Rate increases from the renewal of contracts covering 3 million households were effective from the beginning of 2016 and contracts covering an additional 3 million households were effective in the fourth quarter of 2016.

Costs and expenses

Employee compensation and benefits increased 5.9% in 2016. The increase was primarily from $15.9 million of incremental compensation and benefits from the acquired television stations for the first quarter of 2016.

Programs and program licenses expense increased 47.1% in 2016, primarily due to the acquired television stations and higher network fees. Programming costs of the acquired television stations accounted for $9.1 million of the year-over-year increase. The remainder of the increase was from higher network affiliation license fees of $47 million, partially offset by lower syndicated programming expense. Network affiliation fees have been increasing industry wide due to higher rates on renewals as well as contractual rate increases, and we expect that they may continue to increase over the next several years.

Other expenses increased 14.3% in 2016 primarily due to higher general operating expenses and the impact of the acquired television stations.

2015 compared with 2014

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

Revenues

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

Costs and expenses

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

Programs and program licenses expense nearly doubled during the year compared to 2014, primarily due to the acquisitions and higher network affiliate fees. The acquired stations accounted for $28 million of the increase for the year while higher network license fees, offset by lower syndicated programming expense, accounted for the rest. We completed new agreements for 10 of our ABC stations at the beginning of 2015 and one of our CBS stations in July 2015.

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

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

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

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

Operating results for our radio segment were as follows:

	For the years ended December 31,				
(in thousands)	2016	Change	2015	Change	2014
Segment operating revenues:					
Advertising	$ 67,771	20.4 %	$ 56,288		$ —
Other	3,089	19.1 %	2,593		—
Total operating revenues	70,860	20.3 %	58,881		—
Segment costs and expenses:					
Employee compensation and benefits	28,795	29.6 %	22,218		—
Programs	11,763	9.4 %	10,757		—
Other expenses	17,505	33.9 %	13,069		—
Total costs and expenses	58,063	26.1 %	46,044		—
Segment profit	$ 12,797	(0.3)%	$ 12,837		$ —

The Company completed its acquisition of the Journal radio stations on April 1, 2015. The inclusion of operating results from this transaction for the periods subsequent to the acquisition impacts the comparability of the radio division operating results.

Revenues

Total radio revenues increased 20.3% in 2016. In 2016, there was a full year of operations for our radio stations compared to only nine months in 2015, which accounted for an additional $14.5 million of revenue. This increase was partially offset by weakness in our largest markets during 2016, including the impact of lower advertising for sports programming in our Milwaukee market.

Costs and expenses

Total costs and expenses increased 26.1% in 2016 primarily due to costs associated with flood cleanup at our Wichita operations and the $12.5 million of expenses from the acquired radio stations for the first quarter of 2016. Employee compensation and benefits were lower year-over-year after adjusting for the impact of the acquired stations.

Digital — Our digital segment includes the digital operations of our local television and radio businesses. It also includes the operations of our national digital businesses including Newsy, an over-the-top video news service, Cracked, the multi-platform humor and satire brand and Midroll, a podcast industry leader.

Our digital operations earn revenue primarily through the sale of advertising and marketing services.

Operating results for our digital segment were as follows:

	For the years ended December 31,				
(in thousands)	2016	Change	2015	Change	2014
Total operating revenues	$ 62,076	59.5 %	$ 38,928	70.1 %	$ 22,881
Segment costs and expenses:					
Employee compensation and benefits	47,077	23.6 %	38,077	5.6 %	36,067
Other expenses	31,357	74.7 %	17,954	86.2 %	9,642
Total costs and expenses	78,434	40.0 %	56,031	22.6 %	45,709
Segment loss	$ (16,358)	(4.4)%	$ (17,103)	(25.1)%	$ (22,828)

2016 compared with 2015

Our digital businesses, Midroll and Cracked, were acquired on July 22, 2015 and April 12, 2016, respectively, and the Journal acquisition was completed on April 1, 2015. The inclusion of operating results from these businesses for the periods subsequent to the acquisitions impacts the comparability of our digital segment operating results.

Revenues

Digital revenues increased 59.5% or $23.1 million in 2016. Excluding the results of Cracked and Midroll, revenues increased 28% for the year, primarily driven by increases in advertising on our television and radio local market digital sites and increased revenues from Newsy. In 2016, our national digital brands were approximately 37% of our total revenues, up from 21% in 2015.

Cost and Expenses

Digital costs and expenses increased 40.0% in 2016, primarily due to the impact of Cracked and Midroll. Excluding the results of Cracked and Midroll, expenses increased 10.5% for the year, primarily due to costs from expanding Newsy's editorial staff and marketing efforts.

2015 compared with 2014

Revenues

Digital revenues increased 70.1% in 2015 compared to 2014. The increase for the year includes $5.9 million and $4.6 million, respectively, from the acquired Journal stations and the Midroll acquisition. The remainder of the increase was driven by our focus on increasing digital advertising revenues with an expanded sales force in our television markets and increased revenue from programmatic advertising.

Costs and Expenses

Digital costs and expenses increased 22.6% in 2015 compared to 2014 primarily due to the impact of the acquired Journal stations and our acquisition of Midroll.

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.

2016 to 2015

Shared services and corporate expenses were comparable year-over-year at $44.2 million in 2016 and $43.6 million in 2015.

2015 to 2014

Shared services and corporate expenses were $43.6 million in 2015 and $41.8 in 2014, increasing by $1.8 million, primarily due to higher incentive compensation.

Liquidity and Capital Resources

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

Operating activities

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Cash Flows from Operating Activities:			
Net income (loss)	$ 67,235	$ (82,477)	$ 10,529
(Loss) income from discontinued operations, net of tax	—	(15,840)	1,072
Income (loss) from continuing operations, net of tax	67,235	(66,637)	9,457
Adjustments to reconcile income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	58,581	51,952	32,180
Impairment of goodwill and intangibles	—	24,613	—
Losses (gains) on sale of property and equipment	543	483	(2,872)
Deferred income taxes	39,267	(26,831)	5,384
Excess tax benefits of share-based compensation plans	—	—	(8,352)
Stock and deferred compensation plans	11,127	10,125	6,992
Pension expense, net of payments	4,936	58,358	4,433
Other changes in certain working capital accounts, net	(35,865)	(43,790)	29,243
Miscellaneous, net	669	555	1,830
Net cash provided by continuing operating activities	146,493	8,828	78,295
Net cash provided by discontinued operating activities	—	42	23,760
Net operating activities	$ 146,493	$ 8,870	$ 102,055

2016 to 2015

The $138 million increase in cash provided by continuing operating activities was primarily attributable to an $110 million year-over-year increase in segment profit, $38 million of acquisition and related costs incurred in 2015 that were not repeated in 2016 and changes in working capital in 2016 compared to 2015. These items were partially offset by $10 million of contributions made to our pension plans in 2016.

The primary factors affecting changes in working capital are described below.

- In 2015, we made $15 million in estimated tax payments while no significant tax payments were made in 2016. Additionally, in 2016 we received a tax refund of $4.4 million.
- The accrual of payroll and annual incentive compensation, net of the payment amounts earned in the prior year, decreased working capital by $1.0 million in 2016 and increased working capital by $6.0 million in 2015.
- The timing of the payment of more than $8 million of our network affiliation fees at the end of 2016 reduced working capital in 2016.

2015 to 2014

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

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

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

Investing activities

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

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	$ (43,500)	$ (46,838)	$ (149,284)
Proceeds from sale of property and equipment	56	1,722	5,856
Proceeds from sale of property held for sale	—	14,500	—
Additions to property and equipment	(27,948)	(23,105)	(16,300)
Purchase of investments	(2,128)	(7,658)	(2,652)
Miscellaneous, net	92	1,578	2,007
Net cash used in continuing investing activities	(73,428)	(59,801)	(160,373)
Net cash used in discontinued investing activities	—	(1,561)	(1,564)
Net investing activities	$ (73,428)	$ (61,362)	$ (161,937)

In 2016, 2015 and 2014 we used $73 million, $60 million and $160 million, respectively, in cash for investing activities for continuing operations. The primary factors affecting our cash flows from investing activities for the years presented are described below.

- In 2016, we acquired Cracked for $39 million and Stitcher for $4.5 million.
- In 2015, we acquired Midroll Media for $50 million.
- In 2015, we invested $5 million to fund the launch and operations of a media company specializing in programming for broadcast stations digital subchannels.
- In 2015, we received $14.5 million in proceeds from the sale of KNIN, the Fox affiliate located in Boise, ID, which had been placed in a divestiture trust as part of the Journal transactions.
- In 2014, we completed our acquisition of Media Convergence Group, Inc., which operates as Newsy, an over-the-top video news provider, for $35 million.
- In 2014, we completed our acquisition of two television stations owned by Granite Broadcasting Corporation for $110 million.
- In 2014, we received $5.8 million in proceeds from the sale of excess land.

Financing activities

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	$ —	$ 200,000	$ —
Payments on long-term debt	(6,635)	(122,406)	(2,000)
Payments of financing costs	—	(2,592)	(483)
Dividends paid	—	(59,523)	—
Repurchase of Class A Common shares	(44,401)	(16,222)	(21,237)
Proceeds from employee stock options	4,641	7,249	16,579
Tax payments related to shares withheld for vested stock and RSUs	(2,681)	(5,237)	(4,261)
Excess tax benefits from stock compensation plans	—	—	8,352
Miscellaneous, net	(4,258)	575	(1,264)
Net cash provided by (used in) continuing financing activities	$ (53,334)	$ 1,844	$ (4,314)

For continuing financing activities, in 2016 and 2014 we used $53 million and $4 million in net cash, while in 2015 we had net cash inflows of $2 million. The primary factors affecting our cash flows from financing activities are described below.

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

The Second Amended Financing Agreement includes the maintenance of a net leverage ratio if we borrow more than 20% on the revolving credit facility. The term loan B requires that if we borrow additional amounts or make a permitted acquisition that we cannot exceed a stated net leverage ratio on a pro forma basis at the date of the transaction. We were in compliance with all financial covenants in the Second Amended Financing Agreement at December 31, 2016 and 2015.

The Second Amended Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow, as defined, to repay debt. As of December 31, 2016, we were not required to make additional principal payments for excess cash flow.

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

In May 2014, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares through December 2016. Shares may be repurchased from time to time at management's discretion, either in the open market, through pre-arranged trading plans or in privately negotiated block transactions. Under the authorization, we repurchased $44 million of shares at prices ranging from $12.84 to $19.51 per share in 2016 and $16 million of shares at prices ranging from $15.92 to $24.96 per share in 2015. Under a previous authorization, we repurchased $21 million of shares in 2014. In November 2016, our Board of Directors authorized a new repurchase program of up to $100 million of our Class A Common shares through December 31, 2018. No shares had been repurchased under this program as of December 31, 2016.

In 2016, 2015 and 2014, we received $5 million, $7 million and $17 million, respectively, of proceeds from the exercise of employee stock options.

Other

We have met our funding requirements for our defined benefit pension plans under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. We expect to contribute approximately $19 million in 2017 to our defined benefit pension plans, including our SERPs.

We expect that our cash and cash flows from operating activities will be sufficient to meet our operating and capital needs over the next 12 months.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

Off-balance sheet arrangements include the following four categories: obligations under certain guarantees or contracts; retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations under material variable interests.

We may utilize interest rate swaps to manage our interest expense exposure by fixing our interest rate on portions of our floating rate term loan. We entered into a $75 million notional value interest rate swap which expired in December 2016 which provided for a fixed LIBOR interest rate of 1.08%. We did not provide or receive any collateral for this contract. The fair value of this financial derivative was based on quoted market prices which reflect the present values of the difference between estimated future variable-rate receipts and future fixed-rate payments.

As of December 31, 2016 and 2015, we had outstanding letters of credit totaling $0.8 million.

Contractual Obligations

A summary of our contractual cash commitments as of December 31, 2016 is as follows:

(in thousands)	Less than 1 Year	Years 2 & 3	Years 4 & 5	Over 5 Years	Total
Long-term debt:					
Principal amounts	$ 6,571	$ 10,486	$ 378,776	$ —	$ 395,833
Interest on debt	13,042	25,172	12,386	—	50,600
Programming:					
Program licenses and network affiliation agreements	173,482	304,257	1,439	52	479,230
Employee compensation and benefits:					
Deferred compensation and other post-employment benefits	1,340	3,685	3,585	10,280	18,890
Employment and talent contracts	40,608	41,874	2,973	—	85,455
Operating leases:					
Noncancelable	5,071	10,028	6,093	6,639	27,831
Cancelable	2,541	3,289	1,556	1,858	9,244
Pension obligations:					
Minimum pension funding	19,127	64,570	76,498	74,141	234,336
Other commitments:					
Noncancelable purchase and service commitments	11,254	13,323	11,240	—	35,817
Other purchase and service commitments	19,112	17,729	4,243	—	41,084
Total contractual cash obligations	$ 292,148	$ 494,413	$ 498,789	$ 92,970	$ 1,378,320

Long-term debt — Long-term debt includes the $391 million outstanding balance of our term loan B and $5 million of unsecured subordinated notes payable. Our term loan B bears interest at rates based on LIBOR plus a fixed margin of 2.5%. The rate on our term loan B was 3.27% at December 31, 2016. Amounts included in the table may differ from amounts actually paid due to changes in LIBOR. A 1% increase in LIBOR would result in an increase in annual interest payments of approximately $4 million.

Our Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. Principal payments included in the contractual obligations table reflect only scheduled principal payments and do not reflect any amounts that may be required to be paid under this provision. As of December 31, 2016, we were not required to make any additional principal payments for excess cash flow.

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

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

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

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

Operating Leases — We obtain certain office space under multi-year lease agreements. Leases for office space are generally not cancelable prior to their expiration. We also lease space on towers for some of our radio transmitters.

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

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

Pension Funding — We sponsor two noncontributory defined benefit pension plans and we also have two non-qualified Supplemental Executive Retirement Plans ("SERPs").

Contractual commitments summarized in the contractual obligations table include payments to meet minimum funding requirements of our defined benefit pension plans and estimated benefit payments for our unfunded SERPs. Contractual pension obligations reflect anticipated minimum statutory pension contributions as of December 31, 2016, based upon pension funding regulations in effect at the time and our current pension assumptions regarding discount rates and returns on plan assets. Actual funding requirements may differ from amounts presented due to changes in discount rates, returns on plan assets or pension funding regulations that are in effect at the time.

Payments for the SERPs have been estimated over a ten-year period. Accordingly, the amounts in the “over 5 years” column include estimated payments for the periods of 2022-2026. While benefit payments under these plans are expected to continue beyond 2026, we do not believe it is practicable to estimate payments beyond this period.

Income Tax Obligations — The contractual obligations table does not include any reserves for income taxes recognized because we are unable to reasonably predict the ultimate amount or timing of settlement of our reserves for income taxes. As of December 31, 2016, our reserves for income taxes totaled $2.4 million, which is reflected as a long-term liability in our Consolidated Balance Sheet.

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

We may also enter into contracts with certain vendors and suppliers. These contracts typically do not require the purchase of fixed or minimum quantities and generally may be terminated at any time without penalty. Included in the table of contractual obligations are purchase orders placed as of December 31, 2016. Purchase orders placed with vendors, including those with whom we maintain contractual relationships, are generally cancelable prior to shipment. While these vendor agreements do not require us to purchase a minimum quantity of goods or services, and we may generally cancel orders prior to shipment, we expect expenditures for goods and services in future periods will approximate those in prior years.

Critical Accounting Policies and Estimates

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

Note 1 to our Consolidated Financial Statements describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. We believe the following to be the most critical accounting policies, estimates and assumptions affecting our reported amounts and related disclosures.

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

Goodwill and Other Indefinite-Lived Intangible Assets — Goodwill for each reporting unit must be tested for impairment on an annual basis or when events occur or circumstances change that would indicate the fair value of a reporting unit is below its carrying value. At December 31, 2016, we had $617 million of goodwill. If the fair value of the reporting unit is less than its carrying value, we may be required to record an impairment charge. For purposes of performing the impairment test for goodwill, our reporting units are our television group, our radio group, our local digital operations, Midroll, Cracked and Newsy.

The following is goodwill by reporting unit as of December 31, 2016:

(in thousands)		
Television	$	466,000
Radio		41,000
Local Digital		25,000
Newsy		8,000
Cracked		30,000
Midroll		47,000
Total goodwill	$	617,000

For our annual goodwill impairment testing, we utilized the Step 1 quantitative approach for performing our test. Under that approach, we determine the fair value of our reporting unit generally using market data, appraised values and discounted cash flow analyses. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the business and the period of time over which those cash flows will occur, as well as to determine an appropriate discount rate. The determination of the discount rate is based on a cost of capital model, using a risk-free rate, adjusted by a stock-beta adjusted risk premium and a size premium. While we believe the estimates and judgments used in determining the fair values were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates, could produce a different estimate of fair value. The estimate of fair value assumes certain growth of our businesses, which, if not achieved, could impact the fair value and possibly result in an impairment of the goodwill. Our annual impairment testing for goodwill indicated that the fair value of our television and local digital reporting units exceeded their carrying value by over 50% and our Midroll reporting unit exceeded its carrying value by over 30%. The fair value of our Cracked reporting unit equaled its carrying value due to its recent acquisition date, and therefore, is more susceptible to an adverse change in business or macroeconomic conditions impacting the assumptions underlying the estimated fair value, which could possibly lead to a goodwill impairment charge in the future. The fair value of our radio reporting unit exceeded its carrying value by just over five percent. A 0.5% increase in the discount rate or decreased cash flows over the forecast period could reduce the fair value of the radio reporting unit below its carrying value which might lead to an impairment charge in the future.

We have determined that our FCC licenses are indefinite lived assets and not subject to amortization. At December 31, 2016, the carrying value of our FCC licenses was $204 million, of which $157 million are for television FCC licenses and $47 million are for radio FCC licenses. They are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. We compare the estimated fair value of each individual FCC license to its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair value is estimated using an income approach referred to as the “Greenfield Approach,” which requires multiple assumptions relating to the future prospects of each individual FCC license. The fair value of the FCC license is sensitive to each of the assumptions used in the Greenfield Approach and a change in any individual assumption could result in the fair value being less than the carrying value of the asset and an impairment charge being recorded. For example, a 0.5% increase in the discount rate would reduce the aggregate fair value of the FCC licenses by more than $25 million. Our annual impairment testing for our FCC licenses indicated that their fair value exceeded their recorded value. The recorded value of our FCC licenses from the recently acquired stations are derived from more recent business operating plans and macroeconomic environmental conditions and therefore are more susceptible to an adverse change that could require an impairment charge if future assumptions were to change.

Pension Plans — We sponsor two noncontributory defined benefit pension plans as well as two non-qualified Supplemental Executive Retirement Plans ("SERPs"). Both of the defined benefit plans and the SERPs have frozen the accrual of future benefits. Defined benefit pension plan expense for the plans was $14.3 million in 2016, $58.7 million in 2015 and $5.7 million in 2014.

Our 2015 expense includes a non-cash pension settlement charge of $45.7 million related to the completion of an offer to eligible former employees with vested, deferred pension plan benefits to receive their benefits either as a lump-sum distribution or an immediate annuity payment.

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

The assumptions used in accounting for our defined benefit pension plans for 2016 and 2015 are as follows:

	2016	2015
Discount rate for expense	4.55%	4.01%-4.53%
Discount rate for obligations	4.26%	4.55%
Long-term rate of return on plan assets	4.50%-4.65%	4.10%-6.10%

The discount rate used to determine our future pension obligations is based upon a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans. The rate is determined each year at the plan measurement date and affects the succeeding year's pension cost. Discount rates can change from year to year based on economic conditions that impact corporate bond yields. A decrease in the discount rate increases pension obligations and has no material impact on pension expense.

For our defined benefit pension plans, as of December 31, 2016, a half percent increase or decrease in the discount rate would have the following effect:

(in thousands)	0.5% Increase	0.5% Decrease
Effect on 2017 total pension expense	$ 300	$ (400)
Effect on pension benefit obligation as of December 31, 2016	(37,700)	41,800

By the end of 2016, we had fully transitioned to a new asset allocation strategy in which approximately 45% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 55% of plan assets are invested in equity securities and other return-seeking assets. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed. A decrease in the expected rate of return on plan assets increases pension expense. A 0.5% change in the 2017 expected long-term rate of return on plan assets would increase or decrease our 2017 pension expense by approximately $2 million.

We had cumulative unrecognized actuarial losses for our pension plans of $151 million at December 31, 2016. Unrealized actuarial gains and losses result from deferred recognition of differences between our actuarial assumptions and actual results. In 2016, we had an actuarial loss of $11.0 million. Based on our current assumptions, we anticipate that 2017 pension expense will include $4.5 million in amortization of unrecognized actuarial losses.

Recently Adopted Standards and Issued Accounting Standards

Recently Issued Accounting Standards — In August 2016, the Financial Accounting Standards Board (FASB) issued new guidance related to classification of certain cash receipts and payments in the statement of cash flows. This new guidance was issued with the objective of reducing diversity in practice around eight specific types of cash flows. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated statements of cash flows.

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 and generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to current practice, except that the losses will be recognized as an allowance. The guidance is effective in 2020 with early adoption permitted in 2019. We are currently evaluating the impact of this guidance on our financial statements and the timing of adoption.

In February 2016, the FASB issued new guidance on the accounting for leases. Under this guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In January 2016, the FASB issued new guidance on the recognition and measurement of financial instruments. This guidance primarily affects the accounting for equity method investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In May 2014, the FASB issued new guidance on revenue recognition. Under this new standard, an entity shall recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step process that requires entities to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. This standard permits the use of either the retrospective or cumulative effect transition method and will be effective for us beginning in 2018. We are currently assessing the impact this new guidance will have on our consolidated financial statements and have not yet determined a transition method. We are progressing in our process of adopting the new guidance and are working to identify all performance obligations and changes, if any, that the new guidance will have on the timing and amounts of revenue recorded. To date we are evaluating the impact, if any, that the new guidance might have on the revenue recognition for our retransmission consent agreements as well as our broadcast advertising arrangements. We are also evaluating the impact the new guidance has on our programming barter arrangements.

Recently Adopted Accounting Standards — In November 2016, the FASB issued new guidance to clarify the classification and presentation of restricted cash in the statement of cash flows. Under the new guidance, restricted cash and restricted cash equivalents should be included in the cash and cash equivalent balances in the statement of cash flows. Additionally, changes in restricted cash and restricted cash equivalents should no longer be presented as a financing cash flow activity within the statement of cash flows. We have elected to early adopt this guidance as of December 31, 2016, and have retrospectively applied the guidance to prior periods. The impact of adopting the new guidance was to increase cash and cash equivalents by $6.6 million and $6.8 million at December 31, 2015 and 2014, respectively, due to the reclassification from restricted cash.

In March 2016, the FASB issued new guidance which simplifies the accounting for share-based compensation arrangements, including the income tax consequences and classification on the statement of cash flows. Under the new guidance, excess tax benefits and tax deficiencies are recognized as a discrete component of the income tax provision in the period they occur and not as an adjustment to additional paid-in capital. Also, a company's payments for tax withholdings should be classified in the statement of cash flows as a financing activity. It also requires excess tax benefits to be recorded on the exercise or vesting of share-based awards at the time they are deductible for income taxes and not when they reduce cash taxes. In addition, a company can now elect to record forfeitures of share-based awards as they occur or record estimated forfeitures with a true-up at the end of the vesting period. We have elected to early adopt this guidance effective January 1, 2016. The adoption used the modified retrospective transition method which had no impact on prior years. The impact of adopting this guidance was to record $14.7 million of previously unrecognized tax benefits, increasing deferred tax assets and retained earnings as of December 31, 2015. Additionally, we have elected to adopt a policy of recording actual forfeitures, the impact of which is not material to current or prior periods.

In August 2014, the FASB issued new guidance related to the disclosures around consideration of going concern. The new standard provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard was effective for us January 1, 2016. The adoption of this standard did not have a material impact on our consolidated financial statements.

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 December 31, 2016		As of December 31, 2015	
(in thousands)	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Variable rate credit facility	$ —	$ —	$ —	$ —
Term loan B	390,521	390,521	394,500	388,583
Unsecured subordinated promissory notes	5,312	4,993	7,968	7,993
Long-term debt, including current portion	$ 395,833	$ 395,514	$ 402,468	$ 396,576
Interest rate swap	$ —	$ —	$ 299	$ 299
Financial instruments subject to market value risk:				
Investments held at cost	$ 10,774	(a)	$ 10,652	(a)

(a) Includes securities that do not trade in public markets, thus the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value. There can be no assurance that we would realize the carrying value upon the sale of these securities.

We may utilize interest rate swaps to manage our interest expense exposure by fixing our interest rate on portions of our floating rate term loan. We had a $75 million notional value interest rate swap which expired in December 2016. Under the terms of the swap, we paid a fixed interest rate of 1.08% and received interest at a variable rate equal to 30 day LIBOR. We did not provide or receive any collateral for this contract. The fair value of this financial derivative was based on quoted market prices which reflect the present values of the difference between estimated future variable-rate receipts and future fixed-rate payments.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) was evaluated as of the date of the financial statements. This evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective. There were no changes to the Company’s internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the fourth quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

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

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

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

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

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

As required by Section 404 of the Sarbanes Oxley Act of 2002, management assessed the effectiveness of The E. W. Scripps Company and subsidiaries (the "Company") internal control over financial reporting as of December 31, 2016. Management's assessment is based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2016.

The Company's independent registered public accounting firm has issued an attestation report on our internal control over financial reporting as of December 31, 2016. This report appears on page F-26.

Date: February 24, 2017

BY:

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

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of The E.W. Scripps Company and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows and equity for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The E.W. Scripps Company and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the Consolidated Financial Statements, on January 1, 2016, the Company adopted the new accounting guidance in *ASU 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 24, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of The E.W. Scripps Company and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 24, 2017 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption on January 1, 2016 of the new accounting guidance in *ASU 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 24, 2017

The E. W. Scripps Company
Consolidated Balance Sheets

	As of December 31,	
(in thousands, except share data)	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$ 134,352	$ 114,621
Accounts and notes receivable (less allowances — $1,632 and $1,610)	192,531	171,901
Income taxes receivable	504	4,626
Miscellaneous	18,508	11,482
Total current assets	345,895	302,630
Investments	14,221	13,856
Property and equipment	260,731	271,047
Goodwill	616,780	585,787
Other intangible assets	467,896	479,187
Deferred income taxes	9,075	13,640
Miscellaneous	13,775	14,713
Total Assets	$ 1,728,373	$ 1,680,860
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 26,670	$ 31,606
Customer deposits and unearned revenue	7,122	8,508
Current portion of long-term debt	6,571	6,656
Accrued liabilities:		
Employee compensation and benefits	32,636	33,669
Miscellaneous	18,986	25,392
Other current liabilities	12,146	13,992
Total current liabilities	104,131	119,823
Long-term debt (less current portion)	386,614	392,487
Deferred income taxes	17,740	—
Other liabilities (less current portion)	273,953	267,567
Commitments and contingencies (Note 17)		
Equity:		
Preferred stock, $.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Common stock, $.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 2016 - 70,042,300 shares; 2015 - 71,886,969 shares	700	719
Voting — authorized: 60,000,000 shares; issued and outstanding: 2016 - 11,932,722 shares; 2015 - 11,932,722 shares	119	119
Total	819	838
Additional paid-in capital	1,132,540	1,163,985
Accumulated deficit	(94,077)	(174,038)
Accumulated other comprehensive loss, net of income taxes	(93,347)	(89,802)
Total equity	945,935	900,983
Total Liabilities and Equity	$ 1,728,373	$ 1,680,860

See notes to consolidated financial statements.

The E. W. Scripps Company
Consolidated Statements of Operations

	For the years ended December 31,		
(in thousands, except per share data)	2016	2015	2014
Operating Revenues:			
Advertising	$ 680,760	$ 548,205	$ 421,546
Retransmission	220,723	136,571	56,185
Other	41,564	30,880	21,021
Total operating revenues	943,047	715,656	498,752
Costs and Expenses:			
Employee compensation and benefits	373,552	340,042	257,870
Programs and program licenses	174,584	121,479	55,487
Other expenses	194,227	163,297	115,175
Defined benefit pension plan expense	14,332	58,674	5,671
Acquisition and related integration costs	578	37,988	9,708
Total costs and expenses	757,273	721,480	443,911
Depreciation, Amortization, and Losses (Gains):			
Depreciation	34,791	34,178	24,168
Amortization of intangible assets	23,790	17,774	8,012
Impairment of goodwill and intangibles	—	24,613	—
Losses (gains), net on disposal of property and equipment	543	483	(2,872)
Net depreciation, amortization, and losses (gains)	59,124	77,048	29,308
Operating income (loss)	126,650	(82,872)	25,533
Interest expense	(18,039)	(15,099)	(8,494)
Miscellaneous, net	(2,646)	(1,421)	(7,693)
Income (loss) from continuing operations before income taxes	105,965	(99,392)	9,346
Provision (benefit) for income taxes	38,730	(32,755)	(111)
Income (loss) from continuing operations, net of tax	67,235	(66,637)	9,457
(Loss) income from discontinued operations, net of tax	—	(15,840)	1,072
Net income (loss)	$ 67,235	$ (82,477)	$ 10,529
Net income (loss) per basic share of common stock:			
Income (loss) from continuing operations	$ 0.80	$ (0.86)	$ 0.16
(Loss) income from discontinued operations	—	(0.20)	0.02
Net income (loss) per basic share of common stock	$ 0.80	$ (1.06)	$ 0.18
Net income (loss) per diluted share of common stock:			
Income (loss) from continuing operations	$ 0.79	$ (0.86)	$ 0.16
(Loss) income from discontinued operations	—	(0.20)	0.02
Net income (loss) per diluted share of common stock	$ 0.79	$ (1.06)	$ 0.18
Weighted average shares outstanding:			
Basic	83,339	77,373	56,342
Diluted	83,639	77,373	57,239

See notes to consolidated financial statements.

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

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Net income (loss)	$ 67,235	$ (82,477)	$ 10,529
Changes in fair value of derivative, net of tax of $142, $148 and $145	242	237	239
Changes in defined benefit pension plans, net of tax of $(2,455), $21,139, and $(27,516)	(3,936)	33,825	(45,500)
Other	149	253	(259)
Total comprehensive income (loss)	$ 63,690	$ (48,162)	$ (34,991)

See notes to consolidated financial statements.

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Cash Flows from Operating Activities:			
Net income (loss)	$ 67,235	$ (82,477)	$ 10,529
(Loss) income from discontinued operations, net of tax	—	(15,840)	1,072
Income (loss) from continuing operations, net of tax	67,235	(66,637)	9,457
Adjustments to reconcile income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	58,581	51,952	32,180
Impairment of goodwill and intangibles	—	24,613	—
Losses (gains) on sale of property and equipment	543	483	(2,872)
Deferred income taxes	39,267	(26,831)	5,384
Excess tax benefits of share-based compensation plans	—	—	(8,352)
Stock and deferred compensation plans	11,127	10,125	6,992
Pension expense, net of payments	4,936	58,358	4,433
Other changes in certain working capital accounts, net	(35,865)	(43,790)	29,243
Miscellaneous, net	669	555	1,830
Net cash provided by continuing operating activities	146,493	8,828	78,295
Net cash provided by discontinued operating activities	—	42	23,760
Net operating activities	146,493	8,870	102,055
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	(43,500)	(46,838)	(149,284)
Proceeds from sale of property and equipment	56	1,722	5,856
Proceeds from sale of property held for sale	—	14,500	—
Additions to property and equipment	(27,948)	(23,105)	(16,300)
Purchase of investments	(2,128)	(7,658)	(2,652)
Miscellaneous, net	92	1,578	2,007
Net cash used in continuing investing activities	(73,428)	(59,801)	(160,373)
Net cash used in discontinued investing activities	—	(1,561)	(1,564)
Net investing activities	(73,428)	(61,362)	(161,937)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	—	200,000	—
Payments on long-term debt	(6,635)	(122,406)	(2,000)
Payments of financing costs	—	(2,592)	(483)
Dividends paid	—	(59,523)	—
Repurchase of Class A Common shares	(44,401)	(16,222)	(21,237)
Proceeds from employee stock options	4,641	7,249	16,579
Tax payments related to shares withheld for vested stock and RSUs	(2,681)	(5,237)	(4,261)
Excess tax benefits from stock compensation plans	—	—	8,352
Miscellaneous, net	(4,258)	575	(1,264)
Net cash provided by (used in) continuing financing activities	(53,334)	1,844	(4,314)
Increase (Decrease) in cash, cash equivalents and restricted cash	19,731	(50,648)	(64,196)
Cash, cash equivalents and restricted cash:			
Beginning of year	114,621	165,269	229,465
End of year	$ 134,352	$ 114,621	$ 165,269

See notes to consolidated financial statements.

The E. W. Scripps Company
Consolidated Statements of Equity

(in thousands, except share data)	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
As of December 31, 2013	$ 560	$ 509,243	$ 116,893	$ (80,923)	$ 1,964	$ 547,737
Net income (loss)	—	—	10,529	—	(307)	10,222
Changes in defined benefit pension plans	—	—	—	(45,500)	—	(45,500)
Change in fair value of derivative	—	—	—	239	—	239
Repurchase 1,181,560 Class A Common Shares	(12)	(12,496)	(8,729)	—	—	(21,237)
Compensation plans: 2,149,581 net shares issued *	22	20,138	—	—	—	20,160
Excess tax expense of compensation plans	—	8,571	—	—	—	8,571
Other	—	—	—	(259)	—	(259)
As of December 31, 2014	570	525,456	118,693	(126,443)	1,657	519,933
Net loss	—	—	(82,477)	—	—	(82,477)
Changes in defined benefit pension plans	—	—	—	33,825	—	33,825
Change in fair value of derivative	—	—	—	237	—	237
Cash dividends: declared and paid - $1.03 per share	—	—	(59,523)	—	—	(59,523)
Shares issued for acquisition: 26,350,993 shares issued	263	635,737	—	—	—	636,000
Spin-off of Newspapers	—	—	(143,511)	2,326	(1,657)	(142,842)
Repurchase 839,859 Class A Common Shares	(8)	(8,994)	(7,220)	—	—	(16,222)
Compensation plans: 1,313,313 net shares issued *	13	11,786	—	—	—	11,799
Other	—	—	—	253	—	253
As of December 31, 2015, as originally reported	838	1,163,985	(174,038)	(89,802)	—	900,983
Adoption of new accounting guidance	—	(58)	14,808	—	—	14,750
As of January 1, 2016, as adjusted	838	1,163,927	(159,230)	(89,802)	—	915,733
Net income	—	—	67,235	—	—	67,235
Changes in defined benefit pension plans	—	—	—	(3,936)	—	(3,936)
Change in fair value of derivative	—	—	—	242	—	242
Repurchase 2,711,865 Class A Common Shares	(27)	(42,292)	(2,082)	—	—	(44,401)
Compensation plans: 867,196 net shares issued *	8	10,905	—	—	—	10,913
Other	—	—	—	149	—	149
As of December 31, 2016	$ 819	$1,132,540	$ (94,077)	$ (93,347)	$ —	$ 945,935

** Net of tax payments related to shares withheld for vested stock and RSUs of $2,681 in 2016, $5,237 in 2015 and $4,261 in 2014.*

See notes to consolidated financial statements.

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

1. Summary of Significant Accounting Policies

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

Nature of Operations — We are a media enterprise with a portfolio of television, radio and digital media brands. All of our media businesses provide content and advertising services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: television, radio, digital, and syndication and other.

On April 1, 2015, we distributed our newspaper business to our shareholders in a tax-free spin-off. For additional information on the spin-off, see Note 21.

Concentration Risks — Our operations are geographically dispersed and we have a diverse customer base. We believe bad debt losses resulting from default by a single customer, or defaults by customers in any depressed region or business sector, would not have material effect on our financial position, results of operations or cash flows.

We derive nearly 70% of our operating revenues from marketing services, including advertising. Changes in the demand for such services, both nationally and in individual markets, can affect operating results.

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

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

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

Consolidation — The consolidated financial statements include the accounts of The E. W. Scripps Company and its majority-owned subsidiary companies. Investments in 20%-to-50%-owned companies where we exert significant influence and all 50%-or-less-owned partnerships and limited liability companies are accounted for using the equity method. We do not hold any interests in variable interest entities. All significant intercompany transactions have been eliminated.

Revenue Recognition — We recognize revenue when persuasive evidence of a sales arrangement exists, delivery occurs or services are rendered, the sales price is fixed or determinable and collectability is reasonably assured. When a sales arrangement contains multiple elements, such as the sale of advertising and other services, we allocate revenue to each element based upon its relative fair value. We report revenue net of sales and other taxes collected from our customers.

Our primary sources of revenue are from the sale of broadcast and digital advertising, as well as retransmission fees received from cable operators and satellite carriers.

Revenue recognition policies for each source of revenue are outlined below.

Advertising — Broadcast advertising revenue is recognized, net of agency commissions, when we air the advertisements. Digital advertising includes time-based, impression-based, and click-through campaigns. We recognize digital advertising revenue from fixed duration campaigns over the period in which the advertising appears. We recognize digital advertising revenue that is based upon the number of impressions delivered or the number of click-throughs as impressions are delivered or as click-throughs occur. We recognize advertising revenue from our podcast business when the podcast is downloaded for listening.

Television advertising arrangements may guarantee the advertiser a minimum audience. We provide the advertiser with additional advertising time if we do not deliver the guaranteed audience size. We recognize broadcast advertising revenue as the guaranteed minimum audience is delivered.

Retransmission **—** We derive revenues from cable operators and satellite carriers for the retransmission of our broadcast signal. We recognize retransmission revenues based on the contractual terms and rates.

Other Revenues **—** We derive revenues from sponsorships and community events through our television and radio segments. We also derive revenues from sports affiliation fees we receive in the radio segment. Our digital segment offers digital marketing to our advertising customers and subscription services for access to premium content to our consumers. Our podcast business acts as a sales and marketing representative and earns commissions for its work.

Cash Equivalents — Cash equivalents represent highly liquid investments with maturity of less than three months when acquired.

Trade Receivables — We extend credit to customers based upon our assessment of the customer's financial condition. Collateral is generally not required from customers. We base allowances for credit losses upon trends, economic conditions, review of aging categories, specific identification of customers at risk of default and historical experience. We require advance payment from political advertisers.

A rollforward of the allowance for doubtful accounts is as follows:

(in thousands)		
January 1, 2014	$	1,120
Charged to costs and expenses		1,073
Amounts charged off, net		(803)
Balance as of December 31, 2014		1,390
Charged to costs and expenses		1,412
Amounts charged off, net		(1,192)
Balance as of December 31, 2015		1,610
Charged to costs and expenses		1,851
Amounts charged off, net		(1,829)
Balance as of December 31, 2016	$	1,632

Investments — From time to time, we make investments in private companies. Investment securities can be impacted by various market risks, including interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in our financial statements.

We record investments in private companies not accounted for under the equity method at cost, net of impairment write-downs, because no readily determinable market price is available.

We regularly review our investments to determine if there has been any other-than-temporary decline in value. These reviews require management judgments that often include estimating the outcome of future events and determining whether factors exist that indicate impairment has occurred. We evaluate, among other factors, the extent to which cost exceeds fair value; the duration of the decline in fair value below cost; and the current cash position, earnings and cash forecasts and near term prospects of the investee. We reduce the cost basis when a decline in fair value below cost is determined to be other than temporary, with the resulting adjustment charged against earnings.

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

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

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

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

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

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

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

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

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

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

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

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

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

We amortize customer lists and other intangible assets in relation to their expected future cash flows over estimated useful lives of up to 20 years.

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

Self-Insured Risks — We are self-insured, up to certain limits, for general and automobile liability, employee health, disability and workers' compensation claims and certain other risks. Estimated liabilities for unpaid claims totaled $10.6 million and $10.7 million at December 31, 2016 and 2015, respectively. We estimate liabilities for unpaid claims using actuarial methodologies and our historical claims experience. While we re-evaluate our assumptions and review our claims experience on an ongoing basis, actual claims paid could vary significantly from estimated claims, which would require adjustments to expense. Based on the terms of the Master Transaction Agreement, Scripps remains the primary obligor for newspaper insurance claims incurred prior to April 1, 2015. We recorded the liabilities related to these claims on our balance sheet with an offsetting receivable of $2.4 million, which will be paid by Journal Media Group.

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

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

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

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

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

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

Compensation costs are recognized on a straight-line basis over the requisite service period of the award. Upon adoption of new accounting guidance in 2016, the impact of forfeitures are recognized as they occur. Prior to the adoption of the new guidance, an estimate of forfeitures was made as the expense was recognized. The requisite service period is generally the vesting period stated in the award. Grants to retirement-eligible employees are expensed immediately and grants to employees who will become retirement eligible prior to the end of the stated vesting period are expensed over such shorter period because stock compensation grants vest upon the retirement of the employee.

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

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

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Numerator (for basic and diluted earnings per share)			
Net income (loss)	$ 67,235	$ (82,477)	$ 10,529
Less income allocated to RSUs	(917)	—	(240)
Numerator for basic and diluted earnings per share	$ 66,318	$ (82,477)	$ 10,289
Denominator			
Basic weighted-average shares outstanding	83,339	77,373	56,342
Effect of dilutive securities:			
Stock options held by employees and directors	300	—	897
Diluted weighted-average shares outstanding	83,639	77,373	57,239
Anti-dilutive securities[1]	—	1,907	—

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

For 2015, we incurred a net loss and the inclusion of RSUs and stock options held by employees and directors were anti-dilutive, and accordingly the diluted EPS calculation excludes those common share equivalents.

Derivative Financial Instruments — It is our policy that derivative transactions are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. Derivative financial instruments are utilized to manage interest rate risks. We do not hold derivative financial instruments for trading purposes. All derivatives must be recorded on the balance sheet at fair value. Each derivative is designated as a cash flow hedge or remains undesignated. Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recorded in other comprehensive income and reclassified to the Consolidated Statement of Operations when the effects of the item being hedged are recognized in the statement of operations. These changes are offset in earnings to the extent the hedge was effective by fair value changes related to the risk being hedged on the hedged item. Changes in the fair value of undesignated hedges are recognized currently in the Consolidated Statement of Operations. All ineffective changes in derivative fair values are recognized currently in earnings.

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis, the hedging instrument is assessed as to its effectiveness, when applicable. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued.

2. Recently Adopted Standards and Issued Accounting Standards

Recently Issued Accounting Standards — In August 2016, the Financial Accounting Standards Board (FASB) issued new guidance related to classification of certain cash receipts and payments in the statement of cash flows. This new guidance was issued with the objective of reducing diversity in practice around eight specific types of cash flows. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated statements of cash flows.

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 and generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to current practice, except that the losses will be recognized as an allowance. The guidance is effective in 2020 with early adoption permitted in 2019. We are currently evaluating the impact of this guidance on our financial statements and the timing of adoption.

In February 2016, the FASB issued new guidance on the accounting for leases. Under this guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In January 2016, the FASB issued new guidance on the recognition and measurement of financial instruments. This guidance primarily affects the accounting for equity method investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In May 2014, the FASB issued new guidance on revenue recognition. Under this new standard, an entity shall recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step process that requires entities to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. This standard permits the use of either the retrospective or cumulative effect transition method and will be effective for us beginning in 2018. We are currently assessing the impact this new guidance will have on our consolidated financial statements and have not yet determined a transition method. We are progressing in our process of adopting the new guidance and are working to identify all performance obligations and changes, if any, that the new guidance will have on the timing and amounts of revenue recorded. To date we are evaluating the impact, if any, that the new guidance might have on the revenue recognition for our retransmission consent agreements as well as our broadcast advertising arrangements. We are also evaluating the impact the new guidance has on our programming barter arrangements.

Recently Adopted Accounting Standards — In November 2016, the FASB issued new guidance to clarify the classification and presentation of restricted cash in the statement of cash flows. Under the new guidance, restricted cash and restricted cash equivalents should be included in the cash and cash equivalent balances in the statement of cash flows. Additionally, changes in restricted cash and restricted cash equivalents should no longer be presented as a financing cash flow activity within the statement of cash flows. We have elected to early adopt this guidance as of December 31, 2016, and have retrospectively applied the guidance to prior periods. The impact of adopting the new guidance was to increase cash and cash equivalents by $6.6 million and $6.8 million at December 31, 2015 and 2014, respectively, due to the reclassification from restricted cash.

In March 2016, the FASB issued new guidance which simplifies the accounting for share-based compensation arrangements, including the income tax consequences and classification on the statement of cash flows. Under the new guidance, excess tax benefits and tax deficiencies are recognized as a discrete component of the income tax provision in the period they occur and not as an adjustment to additional paid-in capital. Also, a company's payments for tax withholdings should be classified in the statement of cash flows as a financing activity. It also requires excess tax benefits to be recorded on the exercise or vesting of share-based awards at the time they are deductible for income taxes and not when they reduce cash taxes. In addition, a company can now elect to record forfeitures of share-based awards as they occur or record estimated forfeitures with a true-up at the end of the vesting period. We have elected to early adopt this guidance effective January 1, 2016. The adoption used the modified retrospective transition method which had no impact on prior years. The impact of adopting this guidance was to record $14.7 million of previously unrecognized tax benefits, increasing deferred tax assets and retained earnings as of December 31, 2015. Additionally, we have elected to adopt a policy of recording actual forfeitures, the impact of which is not material to current or prior periods.

In August 2014, the FASB issued new guidance related to the disclosures around consideration of going concern. The new standard provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard was effective for us January 1, 2016. The adoption of this standard did not have a material impact on our consolidated financial statements.

3. Acquisitions

Stitcher

On June 6, 2016, we completed the acquisition of Stitcher for a cash purchase price of $4.5 million. Stitcher is a popular podcast listening service which facilitates discovery and streaming for more than 65,000 podcasts. Stitcher now operates as part of Midroll Media, which significantly broadens Midroll's consumer base and technological capabilities. Of the $4.5 million purchase price, $2.9 million was allocated to intangible assets, the majority of which was technological software with an estimated amortization period of 3 years. The remainder of the purchase price was allocated to goodwill.

Cracked

On April 12, 2016, we acquired the multi-platform humor and satire brand Cracked, which informs and entertains millennial audiences with a website, original digital video, social media and a popular podcast. The purchase price was $39 million in cash.

The final fair values of the assets acquired were $9.6 million of intangibles and $29.4 million of goodwill. Of the $9.6 million allocated to intangible assets, $7.6 million was for trade names with an estimated amortization period of 20 years. The remaining balance of $2.0 million was allocated to content library with an estimated amortization period of 3 years.

The goodwill of $29 million arising from the transaction consists largely of the benefit we derive from being able to expand our presence and digital brands on the web, in over-the-top video and audio and on other emerging platforms. We allocated the goodwill to our digital segment. We treated the transaction as an asset acquisition for income tax purposes with a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

From the acquisition date of April 12, 2016 through December 31, 2016, revenues from the acquired Cracked operations were $4.0 million.

Midroll Media

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

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

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

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

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

Journal Communications Broadcast Group

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

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

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

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

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

Concurrent with the acquisition of the Journal television stations, due to FCC conflict ownership rules, Journal was required to dispose of KNIN, the Fox affiliate located in Boise, ID. The station was placed in a divestiture trust for our benefit and was sold on October 1, 2015 for $14.5 million. The sale did not result in a gain or loss.

Pro forma results of operations

Pro forma results of operations, assuming the Journal transaction had taken place at the beginning of 2014, are included in the following table. The pro forma results do not include Cracked, Stitcher or Midroll as the impact of these acquisitions, individually or in the aggregate, are not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps Journal and adjustments for additional depreciation and amortization of the assets acquired, additional interest expense related to the financing of the transaction and reflecting the transaction costs incurred in 2015 as if they were incurred in 2014. The weighted average shares utilized in calculating the earnings per share assumes that the shares issued to the Journal shareholders were issued on January 1, 2014. The pro forma information does not include efficiencies, cost reductions or synergies expected to result from the acquisition. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisition been completed at the beginning of the period.

(in thousands, except per share data) (unaudited)	For the years ended December 31, 2015	2014
Operating revenues	$ 778,118	$ 792,718
(Loss) income from continuing operations	(37,452)	12,079
(Loss) income per share from continuing operations		
Basic	$ (0.45)	$ 0.14
Diluted	(0.45)	0.14

4. Asset Write-Downs and Other Charges and Credits

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

2016 — Acquisition and related integration costs of $0.6 million include costs for spinning off our newspaper operations and costs associated with acquisitions, such as legal and accounting fees, as well as costs to integrate acquired operations.

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

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

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

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

We recorded a $5.9 million non-cash charge to reduce the carrying value of investments.

5. Income Taxes

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

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Current:			
Federal	$ 904	$ 279	$ 2,358
State and local	(1,441)	(3,072)	(8,769)
Total current income tax provision	(537)	(2,793)	(6,411)
Deferred:			
Federal	35,573	(26,005)	6,402
State and local	3,694	(3,957)	(102)
Total deferred income tax provision	39,267	(29,962)	6,300
Provision (benefit) for income taxes	$ 38,730	$ (32,755)	$ (111)

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

	For the years ended December 31,		
	2016	2015	2014
Statutory rate	35.0%	35.0%	35.0 %
Effect of:			
State and local income taxes, net of federal tax benefit	3.5	3.5	3.4
Equity compensation tax windfall deduction	(1.6)	—	—
Nondeductible expenses	1.3	(2.0)	15.7
Reserve for uncertain tax positions	(0.7)	2.5	(63.8)
Goodwill impairment	—	(7.6)	—
Other	(1.0)	1.6	8.5
Effective income tax rate	36.5%	33.0%	(1.2)%

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

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

	As of December 31,	
(in thousands)	2016	2015
Temporary differences:		
Property and equipment	$ (35,904)	$ (36,926)
Goodwill and other intangible assets	(96,773)	(82,607)
Investments, primarily gains and losses not yet recognized for tax purposes	5,218	5,997
Accrued expenses not deductible until paid	8,883	11,329
Deferred compensation and retiree benefits not deductible until paid	97,470	96,463
Other temporary differences, net	3,799	3,410
Total temporary differences	(17,307)	(2,334)
Federal and state net operating loss carryforwards	9,597	17,005
Valuation allowance for state deferred tax assets	(955)	(1,031)
Net deferred tax (liability)/asset	$ (8,665)	$ 13,640

Total federal operating loss carryforwards were $7 million and state operating loss carryforwards were $205 million at December 31, 2016. Our federal tax loss carryforwards and our state tax loss carryforwards expire through 2036. Because we file separate state income tax returns for certain of our subsidiary companies, we are not able to use state tax losses of a subsidiary company to offset state taxable income of another subsidiary company.

Deferred tax assets relating to our state jurisdictions totaled $9 million at December 31, 2016, which includes the tax effect of state net operating loss carryforwards. We recognize state net operating loss carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

During 2015, deferred tax assets relating to employee share-based compensation from the vesting of RSUs and the exercise of stock options had not been recognized since we were in a net tax loss position in that year. The additional tax benefits were reflected as net operating loss carryforwards when we filed our tax returns, but the additional tax benefits were not recorded under GAAP until the tax deduction reduced taxes payable. The amount of unrecognized tax deductions for the years ended December 31, 2015 and 2014 were approximately $16 million and $23 million, respectively. Effective January 1, 2016, we adopted new accounting guidance that allows us to recognize the benefits when deductible for tax purposes.

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Gross unrecognized tax benefits at beginning of year	$ 5,011	$ 7,024	$ 14,824
Increases in tax positions for prior years	22	859	—
Decreases in tax positions for prior years	(1,684)	(96)	(525)
Increases in tax positions for current years	336	—	—
Decreases from lapse in statute of limitations	(1,020)	(2,776)	(7,275)
Gross unrecognized tax benefits at end of year	$ 2,665	$ 5,011	$ 7,024

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $1.1 million at December 31, 2016. We accrue interest and penalties related to unrecognized tax benefits in our provision for income taxes. At December 31, 2016 and 2015, we had accrued interest related to unrecognized tax benefits of $0.4 million and $0.6 million, respectively.

We file income tax returns in the U.S. and in various state and local jurisdictions. We are routinely examined by tax authorities in these jurisdictions. At December 31, 2016, we are no longer subject to federal income tax examinations for years prior to 2013. For state and local jurisdictions, we are generally no longer subject to income tax examinations for years prior to 2012.

In 2016 and 2015, we recognized $0.9 million and $2.5 million, respectively, of previously unrecognized net tax benefits primarily due to the lapse of the statute of limitations in certain tax jurisdictions.

Due to the potential for resolution of federal and state examinations, and the expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits balance may change within the next twelve months by as much as $1.2 million.

On July 1, 2008, we distributed all of the shares of Scripps Networks Interactive, Inc. (“SNI”) to the shareholders. Under the terms of the Tax Allocation Agreement with SNI, we receive any tax deductions for share-based compensation awards held by our employees in SNI. In 2015 and 2014, we took deductions upon the exercise of those awards that totaled approximately $2.2 million and $8.1 million, respectively. With the adoption of new accounting guidance on January 1, 2016, any tax benefits received are recorded as a component of the current tax provision.

6. Restricted Cash

At December 31, 2016 and 2015, our cash and cash equivalents included $5.5 million and $6.6 million, respectively, held in a restricted cash account on deposit with our insurance carrier. This account serves as collateral, in place of an irrevocable stand-by letter of credit, to provide financial assurance that we will fulfill our obligations with respect to cash requirements associated with our workers' compensation self-insurance. This cash is to remain on deposit with the carrier until all claims have been paid or we provide a letter of credit in lieu of the cash deposit.

7. Investments

Investments consisted of the following:

(in thousands)	As of December 31, 2016	2015
Investments held at cost	$ 10,774	$ 10,652
Equity method investments	3,447	3,204
Total investments	$ 14,221	$ 13,856

Our investments do not trade in public markets, thus they do not have readily determinable fair values. We estimate the fair values of the investments to approximate their carrying values at December 31, 2016 and 2015. There can be no assurance we would realize the carrying values of these securities upon their sale.

8. Property and Equipment

Property and equipment consisted of the following:

(in thousands)	As of December 31, 2016	2015
Land and improvements	$ 59,176	$ 59,176
Buildings and improvements	148,392	141,510
Equipment	315,352	303,867
Computer software	14,581	17,664
Total	537,501	522,217
Accumulated depreciation	276,770	251,170
Net property and equipment	$ 260,731	$ 271,047

9. Goodwill and Other Intangible Assets

Goodwill by business segment was as follows:

(in thousands)	Television	Radio	Digital	Total
Gross balance as of December 31, 2013	$ 243,380	$ —	$ —	$ 243,380
Accumulated impairment losses	(215,414)	—	—	(215,414)
Net balance as of December 31, 2013	27,966	—	—	27,966
Newsy acquisition	—	—	28,983	28,983
Granite stations acquisition	44,715	—	—	44,715
WeatherSphere acquisition	—	—	4,597	4,597
Balance as of December 31, 2014	$ 72,681	$ —	$ 33,580	$ 106,261
Gross balance as of December 31, 2014	$ 288,095	$ —	$ 33,580	$ 321,675
Accumulated impairment losses	(215,414)	—	—	(215,414)
Net balance as of December 31, 2014	72,681	—	33,580	106,261
Journal acquisition	395,440	41,000	20,000	456,440
Reassignment of goodwill for change in segments	(2,000)	—	2,000	—
Midroll acquisition	—	—	45,586	45,586
Impairment charge	—	—	(22,500)	(22,500)
Balance as of December 31, 2015	$ 466,121	$ 41,000	$ 78,666	$ 585,787
Gross balance as of December 31, 2015	$ 681,535	$ 41,000	$ 101,166	$ 823,701
Accumulated impairment losses	(215,414)	—	(22,500)	(237,914)
Net balance as of December 31, 2015	466,121	41,000	78,666	585,787
Cracked acquisition	—	—	29,403	29,403
Stitcher acquisition	—	—	1,590	1,590
Balance as of December 31, 2016	$ 466,121	$ 41,000	$ 109,659	$ 616,780
Gross balance as of December 31, 2016	$ 681,535	$ 41,000	$ 132,159	$ 854,694
Accumulated impairment losses	(215,414)	—	(22,500)	(237,914)
Net balance as of December 31, 2016	$ 466,121	$ 41,000	$ 109,659	$ 616,780

Other intangible assets consisted of the following:

(in thousands)	As of December 31, 2016	2015
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	$ 248,444	$ 248,444
Customer lists and advertiser relationships	56,100	56,100
Other	26,923	14,423
Total carrying amount	331,467	318,967
Accumulated amortization:		
Television network affiliation relationships	(37,019)	(24,590)
Customer lists and advertiser relationships	(24,380)	(17,092)
Other	(5,987)	(1,913)
Total accumulated amortization	(67,386)	(43,595)
Net amortizable intangible assets	264,081	275,372
Indefinite-lived intangible assets — FCC licenses	203,815	203,815
Total other intangible assets	$ 467,896	$ 479,187

Estimated amortization expense of intangible assets for each of the next five years is $22.0 million in 2017, $21.5 million in 2018, $20.0 million in 2019, $18.5 million in 2020, $16.2 million in 2021 and $165.9 million in later years.

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

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

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

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

We concluded that the fair value of Newsy did not exceed its carrying value as of September 30, 2015. As a result, we recorded a $21 million non-cash charge in the three months ended September 30, 2015 to reduce the carrying value of goodwill and $2.9 million to reduce the value of intangible assets.

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

10. Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	As of December 31, 2016	As of December 31, 2015
Variable rate credit facility	$ —	$ —
Term loan B	390,521	394,500
Debt issuance costs on term loan B	(2,648)	(3,325)
Net term loan B	387,873	391,175
Unsecured subordinated notes payable	5,312	7,968
Long-term debt	393,185	399,143
Current portion of long-term debt	6,571	6,656
Long-term debt, less current portion	$ 386,614	$ 392,487
Fair value of long-term debt *	$ 395,514	$ 396,576

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

Financing Agreement

On April 1, 2015, we entered into a $500 million second amended revolving credit and term loan agreement ("Financing Agreement"). The Financing Agreement includes a $400 million term loan B which matures in November 2020 and a $100 million revolving credit facility which matures in November 2018.

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

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

In certain circumstances, the Financing Agreement requires that we must use a portion of excess cash flow, as defined, as well as the proceeds from a sale, to repay debt. As of December 31, 2016, we were not required to make additional principal payments for excess cash flow.

Under the terms of the Financing Agreement, we granted the lenders mortgages on certain of our real property, pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property, including cash, accounts receivables, and equipment.

Interest is currently payable on the term loan B at rates based on LIBOR plus a fixed margin of 2.5%. Prior to December 2016, interest was payable at rates based on LIBOR, with a 0.75% LIBOR floor, plus a fixed margin of 2.75%. Interest is payable on the revolving credit facility at rates based on LIBOR plus a margin based on our leverage ratio ranging from 2.25% to 2.75%. As of December 31, 2016, the interest rate was 3.27% on the term loan B. The weighted-average interest rate on borrowings was 3.48% and 3.44% during 2016 and 2015, respectively.

Scheduled principal payments on our term loan B at December 31, 2016 are: $3.9 million in 2017, $3.9 million in 2018 $3.9 million in 2019, and $378.8 million in 2020.

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

As of December 31, 2016 and 2015, we had outstanding letters of credit totaling $0.8 million.

Unsecured Subordinated Notes Payable

The unsecured subordinated promissory notes bear interest at a rate of 7.25% per annum payable quarterly. The notes are payable in annual installments of $2.7 million through 2018, with no prepayment right.

11. Financial Instruments

We are exposed to various market risks, including changes in interest rates. To manage risks associated with the volatility of changes in interest rates, we may enter into interest rate management instruments.

We may utilize interest rate swaps to manage our interest expense exposure by fixing our interest rate on portions of our floating rate term loan. We entered into a $75 million notional value interest rate swap which expired in December 2016. Under the terms of the swap, we paid a fixed interest rate of 1.08% and received interest at a variable rate equal to 30 day LIBOR. We did not provide or receive any collateral for this contract.

Fair Value of Derivative Instruments

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

	December 31, 2016			December 31, 2015		
		Fair value			Fair value	
(in thousands)	Notional amount	Asset	Liability [1]	Notional amount	Asset	Liability [1]
Undesignated derivatives:						
Interest rate swap	$ —	$ —	$ —	$ 75,000	$ —	$ 299

[1] Balance recorded as other liabilities in Consolidated Balance Sheets

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

	For the years ended December 31,	
(in thousands)	2016	2015
Gain reclassified from accumulated OCL	$ 384	$ 384
Gain on derivative	299	172

12. Fair Value Measurement

We measure certain financial assets and liabilities at fair value on a recurring basis, such as cash equivalents and derivatives. The fair values of these financial assets and liabilities were determined based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. These levels of input are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs, other than quoted market prices in active markets, that are observable either directly or indirectly.
- Level 3 — Unobservable inputs based on our own assumptions.

The following tables set forth our assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016 and 2015:

	December 31, 2016			
(in thousands)	Total	Level 1	Level 2	Level 3
Assets/(liabilities):				
Cash equivalents	$ —	$ —	$ —	$ —
Interest rate swap	—	—	—	—

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

13. Other Liabilities

Other liabilities consisted of the following:

	As of December 31,	
(in thousands)	2016	2015
Employee compensation and benefits	$ 18,356	$ 16,808
Liability for pension benefits	232,788	221,965
Liabilities for uncertain tax positions	2,416	3,492
Other	20,393	25,302
Other liabilities (less current portion)	$ 273,953	$ 267,567

14. Supplemental Cash Flow Information

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

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Other changes in certain working capital accounts, net			
Accounts and notes receivable	$ (20,630)	$ (21,389)	$ (1,765)
Income taxes receivable/payable, net	4,122	(13,700)	9,007
Accounts payable	(1,550)	(2,586)	5,509
Accrued employee compensation and benefits	(1,033)	5,979	5,950
Other accrued liabilities	(6,406)	(8,161)	9,834
Other, net	(10,368)	(3,933)	708
Total	$ (35,865)	$ (43,790)	$ 29,243

Information regarding supplemental cash flow disclosures is as follows:

(in thousands)	For the years ended December 31, 2016	2015	2014
Interest paid	$ 15,620	$ 13,436	$ 7,244
Income taxes paid	1,100	14,984	455

In 2015, we acquired capitalized software for $7.1 million through a long-term financing arrangement.

15. Employee Benefit Plans

We sponsor two noncontributory defined benefit pension plans as well as two non-qualified Supplemental Executive Retirement Plans ("SERPs"). Both of the defined benefit plans and the SERPs have frozen the accrual of future benefits.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees' voluntary contributions to this plan. In connection with freezing the accrual of service credits under certain of our defined benefit pension plans, we began contributing additional amounts (referred to as transition credits) to certain employees' defined contribution retirement accounts which ended in 2015.

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.

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

The components of the expense consisted of the following:

(in thousands)	For the years ended December 31, 2016	2015	2014
Service cost	$ —	$ —	$ 85
Interest cost	27,359	30,477	25,539
Expected return on plan assets, net of expenses	(18,466)	(24,320)	(23,481)
Amortization of actuarial loss	4,406	4,617	2,861
Curtailment/Settlement losses	—	46,793	—
Total for defined benefit plans	13,299	57,567	5,004
Multi-employer plans	168	180	393
Withdrawal from GCIU multi-employer plan	—	351	4,100
SERPs	1,033	1,107	896
Defined contribution plans	8,265	9,858	11,739
Net periodic benefit cost	22,765	69,063	22,132
Allocated to discontinued operations	—	(482)	(8,985)
Net periodic benefit cost - continuing operations	$ 22,765	$ 68,581	$ 13,147

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

(in thousands)	For the years ended December 31, 2016	2015	2014
Current year actuarial gain/(loss)	$ (9,379)	$ 1,026	$ (75,527)
Amortization of actuarial loss	4,406	4,617	2,861
Curtailment/Settlement losses	—	46,793	—
Total	$ (4,973)	$ 52,436	$ (72,666)

In addition to the amounts summarized above, amortization of actuarial losses of $0.2 million, $0.2 million and $0.3 million were recorded through other comprehensive income in 2016, 2015 and 2014, respectively, related to our SERPs. We recognized actuarial losses of $1.6 million and $0.6 million in 2016 and 2014, respectively, and an actuarial gain of $2.3 million in 2015, related to our SERPs. A one-time curtailment charge of $1.1 million was recorded in the second quarter of 2015 related to our defined benefit pension plan as a result of the spin-off of our newspaper business.

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

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

	2016 (1)	2015 (2)	2014
Discount rate	4.55%	4.01%-4.53%	5.08%
Long-term rate of return on plan assets	4.50%-4.65%	4.10%-6.10%	5.25%
Increase in compensation levels	N/A	N/A	2.0%

(1) Ranges presented for long-term rate of return on plan assets for 2016 represent the rates used for Scripps Pension Plan and Journal Communications, Inc. Employees' Pension Plan.
(2) Ranges presented for discount rate and long-term rate of return on plan assets for 2015 represent the rates used for various remeasurement periods during the year as well as differing rates used for Scripps Pension Plan and Journal Communications, Inc. Employees' Pension Plan.

The discount rate used to determine our future pension obligations is based on a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans.

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

Changes in other key actuarial assumptions affect the determination of the benefit obligations as of the measurement date and the calculation of net periodic benefit costs in subsequent periods. Recent actuarial studies indicate life expectancies are longer and thus increase the total expected benefit payments to plan participants.

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

	Defined Benefit Plans		SERPs	
	For the years ended December 31,			
(in thousands)	2016	2015	2016	2015
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 611,257	$ 620,623	$ 19,800	$ 15,261
Service cost	—	—	—	—
Interest cost	27,359	30,477	910	747
Benefits paid	(33,571)	(28,670)	(1,030)	(1,105)
Actuarial (gains)/losses	20,490	(46,479)	1,580	(2,299)
Curtailments/Settlements	—	(148,006)	—	—
Journal acquisition	—	183,312	—	10,778
Newspaper divestiture	—	—	—	(3,582)
Projected benefit obligation at end of year	625,535	611,257	21,260	19,800
Plan assets:				
Fair value at beginning of year	407,797	495,047	—	—
Actual return on plan assets	29,577	(21,132)	—	—
Company contributions	8,656	—	1,030	1,105
Benefits paid	(33,571)	(28,670)	(1,030)	(1,105)
Curtailments/Settlements	—	(148,006)	—	—
Journal acquisition	—	110,558	—	—
Fair value at end of year	412,459	407,797	—	—
Funded status	$ (213,076)	$ (203,460)	$ (21,260)	$ (19,800)
Amounts recognized in Consolidated Balance Sheets:				
Current liabilities	$ —	$ —	$ (1,548)	$ (1,295)
Noncurrent liabilities	(213,076)	(203,460)	(19,712)	(18,505)
Total	$ (213,076)	$ (203,460)	$ (21,260)	$ (19,800)
Unrecognized net actuarial loss recognized in accumulated other comprehensive loss	$ 144,294	$ 139,321	$ 6,342	$ 4,924

In 2017, for our defined benefit pension plans, we expect to recognize amortization of actuarial loss from accumulated other comprehensive loss into net periodic benefit costs of $4.5 million (including $0.2 million for our SERPs).

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

	Defined Benefit Plans		SERPs	
	As of December 31,			
(in thousands)	2016	2015	2016	2015
Accumulated benefit obligation	$ 625,535	$ 611,257	$ 21,260	$ 19,800
Projected benefit obligation	625,535	611,257	21,260	19,800
Fair value of plan assets	412,459	407,797	—	—

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

	2016	2015	2014
Weighted average discount rate	4.26%	4.55%	4.23%
Increase in compensation levels	N/A	N/A	N/A

In 2017, we expect to contribute $1.6 million to fund SERP benefits and $17.5 million to fund our qualified defined benefit pension plans.

Estimated future benefit payments expected to be paid from the plans for the next ten years are $34.7 million in 2017, $35.4 million in 2018, $35.7 million in 2019, $36.6 million in 2020, $37.5 million in 2021 and a total of $194 million for the five years ending 2026.

Plan Assets and Investment Strategy

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

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

	Target allocation	Percentage of plan assets as of December 31,	
	2017	2016	2015
US equity securities	20%	20%	14%
Non-US equity securities	30%	30%	21%
Fixed-income securities	45%	44%	58%
Other	5%	6%	7%
Total	100%	100%	100%

U.S. equity securities include common stocks of large, medium and small capitalization companies, which are predominantly U.S. based. Non-U.S. equity securities include companies domiciled outside of the U.S. and American depository receipts. Fixed-income securities include securities issued or guaranteed by the U.S. government, mortgage backed securities and corporate debt obligations. Other investments include real estate funds.

By the end of 2016, we had fully transitioned to a new asset allocation strategy in which approximately 45% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 55% of plan assets are invested in equity securities and other return-seeking assets. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed.

The following tables present our plan assets using the fair value hierarchy as of December 31, 2016 and 2015:

	December 31, 2016			
(in thousands)	Total	Level 1	Level 2	Level 3
Equity securities				
Common/collective trust funds	$ 204,084	$ —	$ 204,084	$ —
Fixed income				
Common/collective trust funds	184,000	—	184,000	—
Real estate fund	21,646	—	—	21,646
Cash equivalents	2,729	2,729	—	—
Fair value of plan assets	$ 412,459	$ 2,729	$ 388,084	$ 21,646

	December 31, 2015			
(in thousands)	Total	Level 1	Level 2	Level 3
Equity securities				
Common/collective trust funds	$ 146,314	$ —	$ 146,314	$ —
Fixed income				
Common/collective trust funds	234,923	—	234,923	—
Real estate fund	14,670	—	—	14,670
Cash equivalents	11,890	11,890	—	—
Fair value of plan assets	$ 407,797	$ 11,890	$ 381,237	$ 14,670

Equity securities-common/collective trust funds and fixed income-common/collective trust funds are comprised of shares or units in commingled funds that are not publicly traded. The underlying assets in these funds (equity securities and fixed income securities) are publicly traded on exchanges and price quotes for the assets held by these funds are readily available. Common/collective trust funds are typically valued at their net asset values that are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity.

Real estate pertains to an investment in a real estate fund which invests in limited partnerships, limited liability corporations, real estate investment trusts, other funds and insurance company group annuity contracts. The valuations for these holdings are based on property appraisals using cash flow analysis and market transactions.

The following table presents a reconciliation of Level 3 assets held during 2016 and 2015:

(in thousands)	Real Estate Fund
As of December 31, 2014	$ 21,661
Journal acquisition	4,802
Unrealized gains/(losses)	2,761
Sales	(14,554)
As of December 31, 2015	14,670
Purchases	5,400
Unrealized gains/(losses)	1,576
As of December 31, 2016	$ 21,646

16. Segment Information

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

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

Our radio segment consists of 34 radio stations in eight markets. We operate 28 FM stations and six AM stations. Our radio stations earn revenue primarily from the sale of advertising to local advertisers.

Our digital segment includes the digital operations of our local television and radio businesses. It also includes the operations of our national digital businesses of Newsy, an over-the-top ("OTT") video news service, Cracked, the multi-platform humor and satire brand, and Midroll, a podcast industry leader. Our digital operations earn revenue primarily through the sale of advertising and marketing services.

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

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.

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)	For the years ended December 31, 2016	2015	2014
Segment operating revenues:			
Television	$ 802,134	$ 609,551	$ 466,965
Radio	70,860	58,881	—
Digital	62,076	38,928	22,881
Syndication and other	7,977	8,296	8,906
Total operating revenues	$ 943,047	$ 715,656	$ 498,752
Segment profit (loss):			
Television	$ 249,268	$ 139,797	$ 136,319
Radio	12,797	12,837	—
Digital	(16,358)	(17,103)	(22,828)
Syndication and other	(801)	(1,074)	(1,499)
Shared services and corporate	(44,222)	(43,619)	(41,772)
Defined benefit pension plan expense	(14,332)	(58,674)	(5,671)
Acquisition and related integration costs	(578)	(37,988)	(9,708)
Depreciation and amortization of intangibles	(58,581)	(51,952)	(32,180)
Impairment of goodwill and intangibles	—	(24,613)	—
(Losses) gains, net on disposal of property and equipment	(543)	(483)	2,872
Interest expense	(18,039)	(15,099)	(8,494)
Miscellaneous, net	(2,646)	(1,421)	(7,693)
Income (loss) from continuing operations before income taxes	$ 105,965	$ (99,392)	$ 9,346
Depreciation:			
Television	$ 30,184	$ 29,685	$ 21,676
Radio	2,317	1,366	—
Digital	164	525	413
Syndication and other	263	258	119
Shared services and corporate	1,863	2,344	1,960
Total depreciation	$ 34,791	$ 34,178	$ 24,168
Amortization of intangibles:			
Television	$ 16,958	$ 14,607	$ 7,092
Radio	1,060	795	—
Digital	4,419	2,034	920
Shared services and corporate	1,353	338	—
Total amortization of intangibles	$ 23,790	$ 17,774	$ 8,012

The following table presents additions to property and equipment by segment:

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Additions to property and equipment:			
Television	$ 21,064	$ 20,988	$ 13,039
Radio	2,037	2,317	—
Digital	54	66	208
Syndication and other	124	83	1,127
Shared services and corporate	1,283	1,851	1,926
Total additions to property and equipment	$ 24,562	$ 25,305	$ 16,300

Total assets by segment for the years ended December 31 were as follows:

	As of December 31,		
(in thousands)	2016	2015	2014
Assets:			
Television	$ 1,248,808	$ 1,251,733	$ 509,652
Radio	146,175	147,579	—
Digital	148,994	103,432	41,034
Syndication and other	7,954	7,794	3,101
Shared services and corporate	176,442	170,322	257,909
Total assets of continuing operations	1,728,373	1,680,860	811,696
Discontinued operations	—	—	219,408
Total assets	$ 1,728,373	$ 1,680,860	$ 1,031,104

No single customer provides more than 10% of our revenue.

17. Commitments and Contingencies

Minimum payments on noncancelable leases at December 31, 2016 were: $5.1 million in 2017, $5.4 million in 2018, $4.6 million in 2019, $3.6 million in 2020, $2.5 million in 2021 and $6.6 million in later years. We expect our operating leases will be replaced with leases for similar facilities upon their expiration. Rental expense for cancelable and noncancelable leases was $12.2 million in 2016, $9.7 million in 2015 and $8.2 million in 2014.

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

18. Capital Stock and Share-Based Compensation Plans

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 — In May 2014, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares through December 2016. Shares may be repurchased from time to time at management's discretion, either in the open market, through pre-arranged trading plans or in privately negotiated block transactions. Under this authorization, we repurchased a total of $44.4 million of shares at prices ranging from $12.84 to $19.51 per share and $16.2 million of shares at prices ranging from $15.92 to $24.96 per share in 2016 and 2015, respectively. Before this authorization expired at the end of December 2016, an additional $0.5 million of shares were repurchased but not settled until 2017.

In November 2016, our Board of Directors authorized a new repurchase program of up to $100 million of our Class A Common shares through December 31, 2018. No shares had been repurchased under this program as of December 31, 2016.

Incentive Plans — We have adopted The E. W. Scripps Company 2010 Long-Term Incentive Plan (the "Plan") which terminates on February 15, 2020. The Plan permits the granting of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs), restricted and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

We satisfy stock option exercises and vested stock awards with newly issued shares. As of December 31, 2016, 4.5 million shares were available for future stock compensation awards.

On the closing of the Journal transactions, the number and exercise price of all outstanding share awards retained by Scripps employees and directors were adjusted to maintain the awards' economic value. All other terms of the awards, including the terms and conditions relating to vesting, remained the same. Restricted share units outstanding immediately prior to the closing held by newspaper employees became fully vested and were treated in the same manner as outstanding shares of Class A Common shares (i.e. the holders received a combination of Scripps Class A Common shares, shares of Journal Media Group common stock and a cash dividend-equivalent payment in connection with the Scripps special dividend).

Stock Options — Stock options grant the recipient the right to purchase Class A Common shares at not less than 100% of the fair market value on the date the option is granted. We have not issued any new stock options since 2008.

The following table summarizes information about stock option transactions:

	Number of Shares	Weighted-Average Exercise Price	Range of Exercise Prices
Outstanding at December 31, 2013	3,370,048	$ 9.46	$7-11
Exercised	(1,662,055)	10.01	9-11
Forfeited	(4,117)	10.45	10-11
Outstanding at December 31, 2014	1,703,876	8.92	7-11
Exercised	(877,966)	8.85	8-11
Impact of Journal transactions	170,969	7.62	6-9
Outstanding at December 31, 2015	996,879	7.45	6-9
Exercised	(509,965)	8.07	8-9
Outstanding at December 31, 2016	486,914	6.81	6-9

The following table presents additional information about exercises of stock options:

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Cash received upon exercise	$ 4,641	$ 7,249	$ 16,579
Intrinsic value (market value on date of exercise less exercise price)	4,888	10,801	16,036
Tax benefits realized (1)	1,877	4,101	6,013

(1) Benefits for 2015 were not recognized under prior accounting guidance until realized. In 2016, upon adoption of new accounting guidance, they are realized when generated.

Information about options outstanding and options exercisable by year of grant is as follows:

			Options Outstanding and Exercisable		
Year of Grant	Range of Exercise Prices	Average Remaining Term (in years)	Options on Shares Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)
2007 – expire in 2017	$8	0.32	37,313	$ 8.14	$ 0.4
2008 – expire in 2018	6-9	1.56	449,601	6.70	5.7
Total	6-9	1.46	486,914	6.81	$ 6.1

Restricted Stock Units — Awards of restricted stock units (RSUs) generally require no payment by the employee. RSUs are converted into an equal number of Class A Common shares when vested. These awards generally vest over a three or four year period, conditioned upon the individual's continued employment through that period. Awards vest immediately upon the retirement, death or disability of the employee or upon a change in control of Scripps or in the business in which the individual is employed. Unvested awards may be forfeited if employment is terminated for other reasons. Awards are nontransferable during the vesting period, but the awards are entitled to all the rights of an outstanding share. There are no post-vesting restrictions on awards granted to employees and non-employee directors.

Long-term incentive compensation includes performance share awards. Performance share awards represent the right to receive an award of RSUs if certain performance measures are met. Each award specifies a target number of shares to be issued and the specific performance criteria that must be met. The number of shares that an employee receives may be less or more than the target number of shares depending on the extent to which the specified performance measures are met or exceeded.

Information and activity for our RSUs is presented below:

		Grant Date Fair Value	
	Number of Shares	Weighted Average	Range of Prices
Unvested at December 31, 2013	1,586,841	$ 10.59	7-20
Awarded	567,695	16.52	16-22
Vested	(704,528)	10.40	7-20
Forfeited	(225,487)	11.75	9-18
Unvested at December 31, 2014	1,224,521	13.24	7-22
Awarded	495,396	22.36	20-24
Vested	(650,490)	12.17	7-22
Forfeited	(220,770)	16.39	9-22
Impact of Journal transactions	61,384	13.73	7-22
Unvested at December 31, 2015	910,041	18.22	10-24
Awarded	996,839	15.76	13-18
Vested	(444,267)	17.78	13-19
Forfeited	(37,436)	16.82	12-24
Unvested at December 31, 2016	1,425,177	17.05	12-24

The following table presents additional information about RSU vesting:

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Fair value of RSUs vested	$ 7,898	$ 15,697	$ 12,906
Tax benefits realized on vesting [1]	3,033	5,965	4,840

[1] Benefits for 2015 were not recognized under prior accounting guidance until realized. In 2016, upon adoption of new accounting guidance, they are realized when generated.

Share-based Compensation Costs

Share-based compensation costs were as follows:

	For the years ended December 31,		
(in thousands)	2016	2015	2014
Total share-based compensation	$ 8,093	$ 9,545	$ 7,631
Included in discontinued operations	—	(1,126)	(1,426)
Included in continuing operations	$ 8,093	$ 8,419	$ 6,205
Share-based compensation, net of tax	$ 4,985	$ 5,220	$ 3,878

As of December 31, 2016, $7.5 million of total unrecognized compensation costs related to RSUs and performance shares is expected to be recognized over a weighted-average period of 2.3 years.

19. Accumulated Other Comprehensive Loss

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

(in thousands)	Gains and Losses on Derivatives	Defined Benefit Pension Items	Other	Total
As of December 31, 2014	$ (479)	$ (125,877)	$ (87)	$ (126,443)
Amounts reclassified from accumulated other comprehensive loss				
Interest rate swap [(a)], net of tax of $148	237	—	—	237
Actuarial gain [(b)], net of tax of $21,298	—	33,825	253	34,078
Net current-period other comprehensive income (loss)	237	33,825	253	34,315
Spin-off of Newspapers, net of tax of $1,517	—	2,312	14	2,326
As of December 31, 2015	(242)	(89,740)	180	(89,802)
Amounts reclassified from accumulated other comprehensive loss				
Interest rate swap [(a)], net of tax of $142	242	—	—	242
Actuarial (loss) gain [(b)], net of tax of $(2,353)	—	(3,936)	149	(3,787)
Net current-period other comprehensive income (loss)	242	(3,936)	149	(3,545)
As of December 31, 2016	$ —	$ (93,676)	$ 329	$ (93,347)

[(a)] Included in interest expense in the Consolidated Statements of Operations
[(b)] Included in defined benefit pension plan expense in the Consolidated Statements of Operations

20. Summarized Quarterly Financial Information (Unaudited)

Summarized quarterly financial information is as follows:

2016 (in thousands, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Operating revenues	$ 209,498	$ 227,817	$ 233,040	$ 272,692	$ 943,047
Costs and expenses	(186,228)	(189,699)	(190,797)	(190,549)	(757,273)
Depreciation and amortization of intangibles	(14,411)	(14,786)	(14,892)	(14,492)	(58,581)
Impairment of goodwill and intangibles	—	—	—	—	—
Gains (losses), net on disposal of property and equipment	4	(22)	(26)	(499)	(543)
Interest expense	(4,579)	(4,432)	(4,592)	(4,436)	(18,039)
Miscellaneous, net	(191)	(458)	(596)	(1,401)	(2,646)
Income from continuing operations before income taxes	4,093	18,420	22,137	61,315	105,965
Provision (benefit) for income taxes	(795)	6,932	9,615	22,978	38,730
Income from continuing operations, net of tax	4,888	11,488	12,522	38,337	67,235
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income	$ 4,888	$ 11,488	$ 12,522	$ 38,337	$ 67,235
Net income from continuing operations per basic share of common stock	$ 0.06	$ 0.14	$ 0.15	$ 0.46	$ 0.80
Net income (loss) from discontinued operations per basic share of common stock	$ —	$ —	$ —	$ —	$ —
Net income from continuing operations per diluted share of common stock	$ 0.06	$ 0.13	$ 0.15	$ 0.46	$ 0.79
Net income (loss) from discontinued operations per diluted share of common stock	$ —	$ —	$ —	$ —	$ —
Weighted average shares outstanding:					
Basic	83,965	83,773	83,230	82,401	83,339
Diluted	84,225	84,051	83,518	82,684	83,639
Cash dividends per share of common stock	$ —	$ —	$ —	$ —	$ —

2015 (in thousands, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Operating revenues	$ 123,023	$ 198,134	$ 189,691	$ 204,808	$ 715,656
Costs and expenses	(124,214)	(200,209)	(173,962)	(223,095)	(721,480)
Depreciation and amortization of intangibles	(8,295)	(13,366)	(16,273)	(14,018)	(51,952)
Impairment of goodwill and intangibles	—	—	(24,613)	—	(24,613)
(Losses) gains, net on disposal of property and equipment	(164)	(215)	(200)	96	(483)
Interest expense	(2,052)	(4,225)	(4,246)	(4,576)	(15,099)
Miscellaneous, net	(1,436)	387	1,061	(1,433)	(1,421)
Loss from continuing operations before income taxes	(13,138)	(19,494)	(28,542)	(38,218)	(99,392)
Benefit for income taxes	(5,023)	(6,539)	(4,099)	(17,094)	(32,755)
Loss from continuing operations, net of tax	(8,115)	(12,955)	(24,443)	(21,124)	(66,637)
Income (loss) from discontinued operations, net of tax	3,015	(18,448)	—	(407)	(15,840)
Net loss	$ (5,100)	$ (31,403)	$ (24,443)	$ (21,531)	$ (82,477)
Net loss from continuing operations per basic share of common stock	$ (0.14)	$ (0.15)	$ (0.29)	$ (0.25)	$ (0.86)
Net income (loss) from discontinued operations per basic share of common stock	$ 0.05	$ (0.22)	$ —	$ —	$ (0.20)
Net loss from continuing operations per diluted share of common stock	$ (0.14)	$ (0.15)	$ (0.29)	$ (0.25)	$ (0.86)
Net income (loss) from discontinued operations per diluted share of common stock	$ 0.05	$ (0.22)	$ —	$ —	$ (0.20)
Weighted average shares outstanding:					
Basic	57,335	83,903	84,107	83,775	77,373
Diluted	57,335	83,903	84,107	83,775	77,373
Cash dividends per share of common stock	$ —	$ 1.03	$ —	$ —	$ 1.03

The sum of the quarterly net income per share amounts may not equal the reported annual amount because each amount is computed independently based upon the weighted-average number of shares outstanding for the period.

21. Journal Broadcast Merger and Newspaper Spin-off (Discontinued Operations)

On July 30, 2014, Scripps and Journal Communications, Inc. ("Journal") agreed to merge their broadcast operations and spin-off their newspaper businesses and combine them into a separate publicly traded company. On April 1, 2015, Scripps and Journal separated their respective newspaper businesses and merged them, resulting in each becoming a wholly owned subsidiary of Journal Media Group, Inc.

Immediately following the spin-off and merger of the newspaper businesses, the Journal broadcast operations, and its related digital businesses, were merged into Scripps.

As part of the transactions, Scripps' shareholders received a $60 million special cash dividend on April 1, 2015.

Certain agreements between Scripps and Journal Media Group, Inc. became effective in connection with the transactions, including Tax Matters Agreements and a Transition Services Agreement.

Under the Transition Services Agreement, Scripps and Journal Media Group provided certain services to each other through March 31, 2016. The fees for the services were at arms-length amounts. The outstanding balance was settled as of June

30, 2016. For the year ended December 31, 2016, the amounts we received from Journal Media Group and the amounts we paid to Journal Media Group were immaterial. For the year ended December 31, 2015, we received $3.3 million for services provided to Journal Media Group and we paid Journal Media Group $1.2 million for services provided to us. As of December 31, 2015, Journal Media Group owed Scripps approximately $2.0 million.

The Tax Matters Agreements set forth the allocations and responsibilities of Scripps and Journal Media Group with respect to liabilities for federal, state and local income taxes for periods before and after the spin-off, disputes with taxing authorities and indemnification of income taxes that would become due if the spin-off were taxable. Generally, Scripps is responsible for taxes prior to the separation and Journal Media Group will be responsible for taxes for periods after the separation of their respective businesses.

Until the completion of the spin-off of our newspaper business, generally accepted accounting principles ("GAAP") required us to assess impairment of the newspaper business long-lived assets using the held-and-used model. Under this model, if the expected cash flows over the life of the primary asset of the reporting unit are in excess of the carrying amount there is no impairment. Under this model no impairment charges were recorded at March 31, 2015. At the date of the spin-off of our newspaper business, GAAP required us to assess impairment using the held-for-sale model. This model compares the fair value of the disposal unit to its carrying value and if the fair value is lower, an impairment loss is recorded. Our analysis determined that there was a non-cash impairment loss on disposal of the newspaper business of $30 million, which was recorded on the date of the spin-off, April 1, 2015, and was included in discontinued operations for the year ended December 31, 2015. The inputs to the nonrecurring fair value determination of the disposal unit are classified as Level 2 fair value measurements under GAAP.

As a result of the spin-off, Scripps newspapers has been presented as discontinued operations in the financial statements for all periods presented.

Operating results of our discontinued operations were as follows:

	For the years ended December 31,	
(in thousands)	2015	2014
Operating revenues	$ 91,478	$ 370,316
Total costs and expenses	(79,869)	(349,210)
Depreciation and amortization of intangibles	(3,608)	(16,890)
Other, net	(3,298)	(1,308)
Loss on disposal of Scripps Newspapers	(30,000)	—
(Loss) income on discontinued operations before income taxes	(25,297)	2,908
Benefit (provision) for income taxes	9,457	(2,143)
Net (loss) income from discontinued operations	(15,840)	765
Noncontrolling interest	—	(307)
(Loss) income from discontinued operations, net of tax	$ (15,840)	$ 1,072

The Company incurred certain non-recurring costs directly related to the spin-off of our newspapers and acquisition of the Journal broadcast stations of $41 million for the year ended December 31, 2015. Accounting and other professional and consulting fees directly related to the newspaper spin-off of $3 million were allocated to discontinued operations in the Consolidated Statements of Operations. The remaining $38 million was included in earnings from continuing operations for the year ended December 31, 2015.

The following table presents a summary of the net assets distributed on April 1, 2015.

(in thousands)	
Assets:	
Total current assets	$ 43,322
Property, plant and equipment	155,047
Other assets	3,829
Total assets included in the disposal group	202,198
Liabilities:	
Total current liabilities	47,664
Deferred income taxes	1,966
Other liabilities	9,057
Total liabilities included in the disposal group	58,687
Net assets included in the disposal group	$ 143,511

[This page intentionally left blank]

The E. W. Scripps Company
Index to Consolidated Financial Statement Schedules

Exhibits	S-2

The E. W. Scripps Company

Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Report Date
2.01	Master Transaction Agreement, dated as of July 30, 2014, by and among The E. W. Scripps Company, Scripps Media, Inc., Desk Spinco, Inc., Scripps NP Operating, LLC (f/k/a Desk NP Operating, LLC), Desk NP Merger Co., Desk BC Merger, LLC, Journal Communications, Inc., Boat Spinco, Inc., Boat NP Merger Co., and Journal Media Group, Inc. (f/k/a Boat NP Newco, Inc.)	S-4	333-200388	2.1	11/20/2014
3.01	Amended Articles of Incorporation of The E.W. Scripps Company	8-K	000-16914	99.03	2/17/2009
3.02	Amended and Restated Code of Regulations of The E.W. Scripps Company	8-K	000-16914	10.02	5/10/2007
3.03	Amendment to Amended Articles of Incorporation of The E. W. Scripps Company	8-K	000-16914	3.1	3/11/2015
10.01	The E.W. Scripps Company 2010 Long-Term Incentive Plan (Amended and Restated as of February 24, 2015)	DEF 14A	000-16914	Appendix	5/4/2015
10.02	Amendment No. 1 to The E.W. Scripps Company 2010 Long-Term Incentive Plan	*			
10.03	Amended and Restated 1997 Long-Term Incentive Plan	DEF 14A	000-16914	Appendix	6/13/2008
10.04	Form of Independent Director Nonqualified Stock Option Agreement	8-K	000-16914	10.03B	2/9/2005
10.05	The E.W. Scripps Company Executive Annual Incentive Plan	10-K	000-16914	10.07	12/31/2015
10.06	The E.W. Scripps Company Executive Severance Plan Amended and Restated as of February 23, 2015	8-K	000-16914	10.1	2/23/2015
10.07	The E.W. Scripps Company Employee Stock Purchase Plan	S-8	333-151963	99	6/26/2008
10.08	Amended and Restated Scripps Family Agreement dated May 19, 2015	SC 13D	005-43473	2	6/5/2015
10.09	1997 Deferred Compensation and Stock Plan for Directors, as amended	8-K	000-16914	10.61	5/8/2008
10.10	Scripps Supplemental Executive Retirement Plan as Amended and Restated effective February 23, 2015	*			
10.11	Employment Agreement between the Company and Richard A. Boehne	8-K	000-16914	10.66	2/15/2011
10.12	Amendment to Employment Agreement between the Company and Richard A. Boehne	8-K	000-16914	10.1	11/4/2014
10.13	Scripps Senior Executive Change in Control Plan, Amended and Restated effective February 23, 2015	*			
10.14	Scripps Executive Deferred Compensation Plan, Amended and Restated as of February 23, 2015	*			
10.15	The E.W. Scripps Company Restricted Share Unit Agreement (Non-Employee Directors)	*			
10.16	Employee Restricted Share Unit Agreement	*			
10.17	Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of April 1, 2015	8-K	000-16914	10.1	4/1/2015
10.18	First Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 11, 2015	10-K	000-16914	10.23	12/31/2015
10.19	Second Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of December 13, 2016	*			
14	Code of Ethics for CEO and Senior Financial Officers	10-K	000-16914	14	12/31/2004
21	Subsidiaries of the Company	*			
23	Consent of Independent Registered Public Accounting Firm	*			
31(a)	Section 302 Certifications	*			
31(b)	Section 302 Certifications	*			
32(a)	Section 906 Certifications	*			
32(b)	Section 906 Certifications	*			
101.INS	XBRL Instance Document (furnished herewith)	*			
101.SCH	XBRL Taxonomy Extension Schema Document (furnished herewith)	*			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (furnished herewith)	*			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (furnished herewith)	*			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (furnished herewith)	*			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (furnished herewith)	*			

* - As filed herewith

Mission Statement: *We do well by doing good—providing value to customers, employees and owners by informing, engaging and empowering those we serve.*

SCRIPPS

MARKET PRICES

2016	HIGH	LOW
First Quarter	$ 19.25	$ 15.59
Second Quarter	17.69	14.66
Third Quarter	17.80	14.93
Fourth Quarter	19.41	12.62

2015	HIGH	LOW
First Quarter	$ 28.44	$ 19.73
Second Quarter	25.41	21.73
Third Quarter	23.10	16.01
Fourth Quarter	22.56	17.27

Stock and Trading

SSP LISTED NYSE

The company's class A common shares are traded on the New York Stock Exchange under the symbol "SSP." There are approximately 13,600 owners of the company's class A common shares and approximately 50 owners of the company's voting shares, which do not have a public market.

CEO/CFO Certification

On May 6, 2016, the company filed with the New York Stock Exchange its executed Annual Written Affirmation and Section 303A.12(a) CEO Certification.

On Feb. 24, 2017, the company, in its 2016 Form 10-K, filed a CEO/CFO certification with the Securities and Exchange Commission as required under Section 302 of the Sarbanes Oxley Act.

Transfer Agent

(Shareholder correspondence should be mailed to)
Computershare
P.O. Box 43006
Providence, RI 02940-3006

(Registered or overnight correspondence should be mailed to)
Computershare
250 Royall Street
Canton, MA 02021

Telephone: 866.293.4224
TDD for hearing impaired: 800.231.5469
International shareholders: 201.680.6578
TDD international shareholders: 201.680.6610

Shareholder website
www.computershare.com/investor
Shareholder online inquiries
https://www-us.computershare.com/investor/Contact

Annual Meeting

The annual meeting of shareholders will be held at 312 Walnut Street, Cincinnati, Ohio, 10th floor conference center, on Tuesday, May 2, 2017, at 4 p.m. EDT.

Committee charters, corporate governance guidelines and the company's code of conduct are on the company website and are available upon request in printed format.

For additional information, send e-mail to secretary@scripps.com

Form 10-K

The E.W. Scripps Company's annual report on Form 10-K, filed with the Securities and Exchange Commission, is available at no charge upon written request to the company's office of investor relations.

For Additional Information

Investor Relations
The E.W. Scripps Company
312 Walnut Street, 28th Floor
P.O. Box 5380
Cincinnati, Ohio 45201
T 513.977.3000
F 513.977.3024

For company information online, visit http://www.scripps.com or send e-mail to ir@scripps.com

Printed with inks containing soy and/or vegetable oils

FSC www.fsc.org MIX Paper from responsible sources FSC® C101537

SCRIPPS

Board of Directors

Richard A. Boehne (61) Chairman of the Board since 2013. President and Chief Executive Officer since July 2008. Executive Vice President and Chief Operating Officer from April 2006 to June 2008, and Executive Vice President from February 1999 until June 2008.

Charles Barmonde (41) Private Investor, Educator, Sole Proprietor of Barmonde Studios and Founder of Arch Contemporary Ceramics. Director since 2015.

Kelly Conlin (57) Chairman and Chief Executive Officer of Zinio. Previous CEO of three other complex publishing/media/online companies: IDG, Primedia and NameMedia. Director since 2013.

John W. Hayden (59) President and CEO of CJH Consulting. President and CEO of The Midland Company from 1988 to 2010. Director since 2008.

Anne M. La Dow (58) Private investor and former Human Resources Director of the Ventura County Star. Director since 2012.

Roger L. Ogden (72) Retired since July 2007. President and General Manager of KUSA Denver from August 1997 until July 2005. President and CEO of Gannett Broadcasting from July 2005 until July 2007. Senior Vice President of Design, Innovation and Strategy for Gannett Co., Inc. from June 2006 until July 2007. Director since 2008.

Mary McCabe Peirce (68) Trustee of The Edward W. Scripps Trust since March 2008. Board member of Scripps Networks Interactive. Director since 2008.

J. Marvin Quin (69) Retired since May 2008. Chief Financial Officer of Ashland Inc. from 1992 until April 2008. Held various executive positions with Ashland from June 1972 through May 2008. Lead director since 2013. Director since 2009.

Kim Williams (61) Retired since 2006, Senior Vice President, Partner, and Associate Director of Global Industry Research at Wellington Management Company, LLP from 1995 until 2001, Senior Vice President, Partner, Global Industry Analyst from 1986 until 1995. Director since 2008.

Corporate Officers

Timothy M. Wesolowski (59) Senior Vice President and Chief Financial Officer since August 2011. He previously was Senior Vice President of Finance, Controller and Treasurer of Convergys Corporation. Prior to Convergys, he held financial management positions at Ameron International, Valspar Corporation, Ecolab Corporation and B.F. Goodrich.

William Appleton (68) Senior Vice President and General Counsel since 2008. He came to Scripps from Baker & Hostetler LLP, where he was managing partner of the Cincinnati office.

Lisa A. Knutson (51) Senior Vice President/Chief Administrative Officer since December 2011. Served as Vice President of Human Resources from 2008 to 2011. Came to Scripps from Fifth Third Bank, where she was responsible for oversight of HR operations.

Adam Symson (42) Chief Operating Officer since November 2016. Chief Digital Officer from September 2011 until October 2016. Joined Scripps in 2002 as an investigative producer at KNXV. Came to corporate in 2003 to be the director of investigative reports and special projects in the TV division. He advanced to become director of news strategy and operations, director of content and marketing in the Scripps interactive media division, and vice president of interactive for the Scripps TV division.

Brian G. Lawlor (50) Senior Vice President/Television since January 2009. Joined Scripps as an Account Executive at WPTV in 1991 and advanced to hold positions as National and Local Sales Manager of WPTV, General Sales Manager of WCPO, VP/General Manager of WPTV and Vice President of Sales/Television.

Robert A. Carson (61) Vice President and Chief Information Officer.

Julie L. McGehee (55) Corporate Secretary, Vice President of Compensation and Benefits.

Douglas F. Lyons (60) Vice President, Controller and Treasurer.

Mark L. Koors (53) Vice President, Audit and Compliance.

As of May 1, 2017

Give light and the people will find their own way

SCRIPPS

P.O. Box 5380 • Cincinnati, Ohio 45201 • www.scripps.com