

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

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-16914

THE E.W. SCRIPPS COMPANY  
(Exact name of registrant as specified in its charter)  
Delaware 51-0304972  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

1105 N. Market Street  
Wilmington, Delaware 19801  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (302) 478-4141

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report.)

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of July 15, 1994 the registrant had outstanding 54,628,504 shares of Class A Common stock and 20,174,833 shares of Common Voting stock.

INDEX TO THE E. W. SCRIPPS COMPANY

REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1994

Item No.		Page
PART I - FINANCIAL INFORMATION		
1	Financial Statements	3
2	Management's Discussion and Analysis of Financial Condition and Results of Operations	3
PART II - OTHER INFORMATION		
1	Legal Proceedings	3
2	Changes in Securities	3
3	Defaults Upon Senior Securities	3
4	Submission of Matters to a Vote of Security Holders	4
5	Other Information	4
6	Exhibits and Reports on Form 8-K	4

PART I

ITEM 1. FINANCIAL STATEMENTS

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

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

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

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in litigation arising in the ordinary course of business, such as defamation actions. In addition, the Company is involved from time to time in various governmental and administrative proceedings relating to, among other things, renewal of broadcast licenses, none of which is expected to result in material loss.

ITEM 2. CHANGES IN SECURITIES

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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

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

The following table presents information on matters submitted to a vote of security holders at the 1994 Annual Meeting of Shareholders.

Description of Matter Submitted	In Favor	Against	Abstain	Broker Non-Votes
Class A Common stock:				
Election of Directors				
David R. Huhn	47,982,612	41,739		6,572,292
Daniel J. Meyer	47,951,922	43,739		6,600,982
Nicholas B. Paumgarten	47,951,922	33,126		6,611,595
Common voting stock:				
Election of Directors	18,181,513			1,993,320
Amend Long-term Incentive Plan	18,181,513			1,993,320

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

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

Reports on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

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

THE E. W. SCRIPPS COMPANY

Dated: August 3, 1994 BY:/s/ Daniel J. Castellini  
D. J. Castellini  
Senior Vice President, Finance &  
Administration

THE E. W. SCRIPPS COMPANY

Index to Financial Information

Item	Page
Consolidated Balance Sheets	F-2
Consolidated Statements of Income	F-4
Consolidated Statements of Cash Flows	F-5
Consolidated Statements of Stockholders' Equity	F-6
Notes to Consolidated Financial Statements	F-7
Management's Discussion and Analysis of Financial Condition and Results of Operations	F-15

CONSOLIDATED BALANCE SHEETS

( in thousands )

	June 30, 1994	As of December 31, 1993	June 30, 1993
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 12,483	\$ 18,606	\$ 16,041
Accounts and notes receivable (less allowances - \$5,819, \$6,995, \$6,553)	139,833	150,671	142,424
Program rights and production costs	36,812	42,823	39,718
Inventories	24,712	23,748	29,033
Deferred income taxes	18,651	18,097	10,942
Miscellaneous	23,471	19,050	21,966
Total current assets	255,962	272,995	260,124
Investments	52,355	73,287	29,429
Property, Plant, and Equipment	713,686	712,726	724,333
Goodwill and Other Intangible Assets	542,301	552,989	596,899
Other Assets:			
Program rights and production costs (less current portion)	36,622	43,257	33,886
Miscellaneous	22,058	21,228	16,320
Total other assets	58,680	64,485	50,206
<b>TOTAL ASSETS</b>	<b>\$ 1,622,984</b>	<b>\$ 1,676,482</b>	<b>\$ 1,660,991</b>

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

( in thousands, except share data )

	June 30, 1994	As of December 31, 1993	June 30, 1993
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities:			
Current portion of long-term debt	\$ 10,985	\$ 96,383	\$ 57,959
Accounts payable	67,596	79,334	74,713
Customer deposits and unearned revenue	18,179	17,480	18,314
Accrued liabilities:			
Employee compensation and benefits	33,143	31,599	31,408
Artist and author royalties	10,338	10,985	11,938
Copyright and programming costs	7,059	6,986	7,259
Interest	2,649	2,834	2,993
Income taxes	19,249	7,763	1,037
Miscellaneous	31,281	35,276	28,564
Total current liabilities	200,479	288,640	234,185
Deferred Income Taxes	171,483	175,308	117,013
Long-Term Debt (less current portion)	151,582	151,535	344,538
Other Long-Term Obligations and Minority Interests	193,978	201,364	193,209
Stockholders' Equity:			
Preferred stock, \$.01 par - authorized: 25,000,000 shares; none outstanding			
Common stock, \$.01 par:			
Class A - authorized: 120,000,000 shares; issued and outstanding: 54,618,754, 54,586,495, and 54,452,318 shares	546	546	545
Voting - authorized: 30,000,000 shares; issued and outstanding: 20,174,833 shares	202	202	202
Total	748	748	747
Additional paid-in capital	98,740	97,945	94,564
Retained earnings	790,451	733,978	676,409
Unrealized gains on securities available for sale	15,429	27,381	
Unvested restricted stock awards	(821)	(1,009)	(547)
Foreign currency translation adjustment	915	592	873
Total stockholders' equity	905,462	859,635	772,046
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,622,984</b>	<b>\$ 1,676,482</b>	<b>\$ 1,660,991</b>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

( in thousands, except share data )

	Three months ended June 30,		Six months ended June 30,	
	1994	1993	1994	1993
<b>Operating Revenues:</b>				
Advertising	\$ 108,748	\$ 100,979	\$ 209,492	\$ 194,553
Circulation	29,189	29,385	58,745	59,162
Other newspaper revenue	13,828	13,268	25,565	24,380
Total newspapers	151,765	143,632	293,802	278,095
Broadcasting	73,892	77,401	134,245	139,246
Cable television	63,266	63,715	125,651	126,905
Entertainment	18,676	18,644	39,654	38,269
Other		3,597		8,126
Total operating revenues	307,599	306,989	593,352	590,641
<b>Operating Expenses:</b>				
Employee compensation and benefits	90,182	94,493	178,305	186,830
Program rights and production costs	28,957	29,205	56,181	55,879
Newsprint and ink	22,131	23,386	42,788	44,604
Other operating expenses	72,427	77,436	141,049	145,996
Depreciation	23,154	21,629	44,566	42,892
Amortization of intangible assets	7,506	8,418	15,119	16,781
Total operating expenses	244,357	254,567	478,008	492,982
Operating Income	63,242	52,422	115,344	97,659
<b>Other Credits (Charges):</b>				
Interest expense	(4,613)	(7,148)	(9,272)	(15,059)
Gain on sale of "Garfield" and "US Acres" copyrights	31,621		31,621	
Gain on sale of subsidiary companies		1,774		22,436
Miscellaneous, net	(374)	(1,431)	(252)	1,941
Net other credits (charges)	26,634	(6,805)	22,097	9,318
Income Before Income Taxes and Minority Interests	89,876	45,617	137,441	106,977
Provision for Income Taxes	39,174	20,975	59,526	47,657
Income Before Minority Interests	50,702	24,642	77,915	59,320
Minority Interests	2,878	2,555	4,994	4,635
Net Income	\$ 47,824	\$ 22,087	\$ 72,921	\$ 54,685
<b>Per Share of Common Stock:</b>				
Net income	\$0.64	\$0.30	\$0.98	\$0.73
Dividends declared	\$0.11	\$0.11	\$0.22	\$0.22

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

( in thousands )

	Six months ended June 30,	
	1994	1993
Cash Flows from Operating Activities:		
Net income	\$ 72,921	\$ 54,685
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	44,566	42,892
Amortization of intangible assets	15,119	16,781
Deferred income taxes	2,057	6,508
Minority interests in income of subsidiary companies	4,994	4,635
Gain on sale of subsidiary companies and copyrights	(31,621)	(22,436)
Changes in certain working capital accounts, net of effects from subsidiary companies purchased and sold	6,687	(13,221)
Miscellaneous, net	7,010	1,327
Net operating activities	121,733	91,171
Cash Flows from Investing Activities:		
Additions to property, plant, and equipment	(39,096)	(53,140)
Purchase of subsidiary companies, net of cash acquired	(17,318)	(28,987)
Investments in securities and unconsolidated affiliates	(1,781)	(2,194)
Sale of subsidiary companies and copyrights	33,626	44,259
Miscellaneous, net	827	3,585
Net investing activities	(23,742)	(36,477)
Cash Flows from Financing Activities:		
Increases in long-term debt		58,100
Payments on long-term debt	(85,426)	(97,532)
Dividends paid	(16,448)	(16,415)
Dividends paid to minority interests	(1,770)	(1,777)
Miscellaneous, net	(470)	(5)
Net financing activities	(104,114)	(57,629)
Increase (Decrease) in Cash and Cash Equivalents	(6,123)	(2,935)
Cash and Cash Equivalents:		
Beginning of year	18,606	18,976
End of period	\$ 12,483	\$ 16,041
Supplemental Cash Flow Disclosures:		
Interest paid, excluding amounts capitalized	\$ 9,290	\$ 20,508
Income taxes paid	44,598	44,466
Increase in program rights and related liabilities	6,164	4,103

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

( in thousands, except share data )

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gains on Securities Available for Sale	Unvested Restricted Stock Awards	Foreign Currency Translation Adjustment
Balances at December 31, 1992	\$ 746	\$ 94,366	\$ 638,139		\$ (516)	\$ 369
Net income			54,685			
Dividends: declared and paid - \$.22 per share			(16,415)			
Class A shares issued pursuant to compensation plans, net: 26,025 shares issued, 15,768 shares repurchased	1	198			(215)	
Amortization of restricted stock awards					184	
Foreign currency translation adjustment						504
Balances at June 30, 1993	\$ 747	\$ 94,564	\$ 676,409		\$ (547)	\$ 873
Balances at December 31, 1993	\$ 748	\$ 97,945	\$ 733,978	\$ 27,381	\$ (1,009)	\$ 592
Net income			72,921			
Dividends: declared and paid - \$.22 per share			(16,448)			
Class A shares issued pursuant to compensation plans, net: 37,975 shares issued, 5,716 shares repurchased		688				
Tax benefits on compensation plans		107				
Amortization of restricted stock awards					188	
Foreign currency translation adjustment						323
Increase (decrease) in unrealized gains on securities available for sale, net of deferred income taxes of \$6,436				(11,952)		
Balances at June 30, 1994	\$ 748	\$ 98,740	\$ 790,451	\$ 15,429	\$ (821)	\$ 915

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993. In management's opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

Results of operations for the three- and six-month periods ending June 30, 1994 are not necessarily indicative of the results that may be expected for future interim periods or for the year ending December 31, 1994.

Program Rights and Production Costs - Program rights are recorded at the time such programs become available for broadcast. Amortization is computed using the straight-line method based on the license period or based on usage, whichever yields the greater accumulated amortization for each program. The liability for program rights is not discounted for imputed interest.

Production costs represent costs incurred in the production of programming for distribution. Amortization of capitalized costs is based on the percentage of current period revenues to anticipated total revenues for each program.

Program and production costs are stated at the lower of unamortized cost or fair value. The portion of the unamortized balance expected to be amortized within one year is classified as a current asset.

Net Income Per Share - Net income per share computations are based upon the weighted average common shares outstanding. The weighted average common shares outstanding were as follows:

( in thousands )	Three months ended		Six months ended	
	1994	1993	1994	1993
Weighted average shares outstanding	74,776	74,627	74,769	74,620

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

Reclassification - For comparison purposes certain 1993 items have been reclassified to conform with 1994 classifications.

## 2.ACQUISITIONS AND DIVESTITURES

### A.Acquisitions

1994 - The Company acquired Cinetel Productions (an independent producer of programs for cable television).

1993 - The Company purchased 589,000 shares of Scripps Howard Broadcasting Company common stock for \$28,900,000. The Company also purchased a cable television system.

The following table presents additional information about the acquisitions:

( in thousands )

	Six months ended June 30,	
	1994	1993
Goodwill and other intangible assets acquired	\$ 3,445	\$ 16,696
Other assets acquired	14,772	30
Reduction in minority interests		12,261
Liabilities assumed	(899)	
Cash paid	\$ 17,318	\$ 28,987

The acquisitions have been accounted for as purchases, and accordingly purchase prices were allocated to assets and liabilities based on the estimated fair value as of the dates of acquisition. The acquired operations have been included in the consolidated statements of income from the dates of acquisition. Pro forma results are not presented because the combined results of operations would not be significantly different from the reported amounts.

B. Divestitures

1993 - The Company sold its book publishing operations and a newspaper in the first six months of 1993. In subsequent quarters a newspaper, a television station, and radio stations in three markets were sold.

The following table presents additional information about the divestitures which occurred in the three- and six-month periods ending June 30:

	Six months ended June 30, 1993
Cash received	\$ 44,259
Net assets disposed	21,823
Gain recognized, before income taxes	\$ 22,436

Included in the consolidated financial statements are the following results of divested operations (excluding gain on sale):

( in thousands )	Three months ended June 30, 1993	Six months ended June 30, 1993
Operating revenues	\$ 16,300	\$ 31,800
Operating income	2,300	3,300

3. UNUSUAL ITEMS

1994 - The Company sold its worldwide Garfield and U.S. Acres copyrights. The sale resulted in after-tax gains of \$17,400,000, \$.23 per share, in the three- and six-month periods ended June 30.

1993 - The Company's operating results include after-tax gains of \$300,000, \$.00 per share, for the three-month period ended June 30, and \$12,400,000, \$.17 per share for the six-month period ended June 30 (see Note 2B).

The Company realized a gain of \$1,100,000 on the sale of certain equipment. The gain increased second quarter and year-to-date net income \$700,000, \$.01 per share.

Management changed the estimate of the additional amount of copyright fees the Company would owe when a dispute between the television industry and the American Society of Composers, Authors and Publishers ("ASCAP") was resolved. The adjustment increased first quarter and year-to-date operating income \$4,300,000 and net income \$2,300,000, \$.03 per share.

The Company's agreement to guarantee up to \$53,000,000 of the Ogden, Utah, Standard Examiner's debt expired with a change in ownership of the Standard Examiner. The Company received a \$2,500,000 fee in connection with the transaction. The fee increased first quarter and year-to-date net income \$1,600,000, \$.02 per share.

#### 4. INCOME TAXES

The Internal Revenue Service is currently examining the consolidated income tax returns of EWS for the years 1985 through 1990. Management believes that adequate provision for income taxes has been made for all open years.

The provision for income taxes consists of the following:

( in thousands )	Three months ended		Six months ended	
	1994	June 30, 1993	1994	June 30, 1993
Current:				
Federal	\$ 30,690	\$ 14,652	\$ 44,641	\$ 33,777
State and local	7,145	2,653	10,622	5,453
Foreign	767	1,074	2,099	1,919
Total current	38,602	18,379	57,362	41,149
Deferred:				
Federal	(2,380)	1,870	(4,864)	4,383
Other	920	726	485	2,125
Total deferred	(1,460)	2,596	(4,379)	6,508
Total income taxes	37,142	20,975	52,983	47,657
Income taxes allocated to stockholders' equity	2,032		6,543	
Provision for income taxes	\$ 39,174	\$ 20,975	\$ 59,526	\$ 47,657

5. LONG-TERM DEBT

Long-term debt consisted of the following:

( in thousands )

	June 30, 1994	As of December 31, 1993	June 30, 1993
Variable Rate Credit Facilities	\$ 2,600	\$ 88,000	\$ 213,600
7.375% notes, due in 1998	99,338	99,264	99,190
9.0% notes, due in 1996	50,000	50,000	50,000
8.5% notes, payable through 1994	8,334	8,334	36,667
Other notes	2,295	2,320	3,040
Total long-term debt	162,567	247,918	402,497
Current portion of long-term debt	10,985	96,383	57,959
Long-term debt (less current portion)	\$ 151,582	\$ 151,535	\$ 344,538
Weighted average interest rate on Variable Rate Credit Facilities at balance sheet date	5.0%	3.4%	3.3%

The Company has a Competitive Advance/Revolving Credit Agreement which expires in September 1994 and permits maximum borrowings up to \$100,000,000, and additional lines of credit totaling \$30,000,000 which expire at various dates through June 1995 (collectively "Variable Rate Credit Facilities"). Maximum borrowings under the Variable Rate Credit Facilities are changed as the Company's anticipated needs change and are not indicative of the Company's short-term borrowing capacity. The Variable Rate Credit Facilities may be extended upon mutual agreement.

Certain long-term debt agreements contain maintenance requirements on net worth and coverage of interest expense and restrictions on dividends and incurrence of additional indebtedness.

## 6. INVESTMENTS

Investments consisted of the following:

( in thousands, except share data )

	June 30, 1994	As of December 31, 1993	June 30, 1993
Securities available for sale: *			
Pittsburgh Post-Gazette preferred stock, \$25 million face value, 8% cumulative dividend	\$ 14,000	\$ 14,000	\$ 14,000
Turner Broadcasting:			
Class B common stock (589,165 shares)	10,458	15,907	7,985
Class C preferred stock (convertible into 1,309,092 shares of Class B common stock)	23,236	35,345	3,285
Other	3,185	4,043	1,897
Total securities available for sale	50,879	69,295	27,167
Investments accounted for under the equity method	1,476	3,992	2,262
Total investments	\$ 52,355	\$ 73,287	\$ 29,429
Unrealized gains on securities available for sale	\$ 23,737	\$ 42,125	\$ 29,476

\* Effective December 31, 1993 the Company adopted FAS No. 115. Investments classified as available for sale are carried at market value at June 30, 1994 and December 31, 1993. At June 30, 1993 such securities were carried at the lower of cost or market. There were no unrealized losses at June 30, 1994, December 31, 1993, or June 30, 1993.

## 7. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment consisted of the following:

( in thousands )

	June 30, 1994	As of December 31, 1993	June 30, 1993
Land and improvements	\$ 46,062	\$ 45,199	\$ 46,880
Buildings and improvements	188,337	184,708	188,592
Equipment	1,005,191	972,674	1,011,533
Total	1,239,590	1,202,581	1,247,005
Accumulated depreciation	525,904	489,855	522,672
Net property, plant, and equipment	\$ 713,686	\$ 712,726	\$ 724,333

Goodwill and other intangible assets consisted of the following:

( in thousands )

	June 30, 1994	As of December 31, 1993	June 30, 1993
Goodwill	\$ 388,746	\$ 387,868	\$ 418,905
Cable television franchise costs	167,390	167,378	167,392
Customer lists	135,067	133,427	133,397
Licenses and copyrights	28,221	28,221	28,263
Non-competition agreements	24,489	32,089	32,249
Other	33,745	31,870	32,753
Total	777,658	780,853	812,959
Accumulated amortization	235,357	227,864	216,060
Net goodwill and other intangible assets	\$ 542,301	\$ 552,989	\$ 596,899

## 8. SEGMENT INFORMATION

Previously reported 1993 segment information has been restated to conform with 1994 segment classifications. The Entertainment segment includes United Media licensing and syndication (previously included in the Publishing segment), Scripps Howard Productions (a producer of television programming), The Home & Garden Television Network (a 24-hour cable television channel scheduled for launch in late 1994), and the Company's equity interest in The Food Network and SportSouth cable television networks (previously reported in Miscellaneous, net). On March 31, 1994 the Company completed the acquisition of Cinetel Productions (an independent producer of programs for cable television). Cinetel operating results from the date of acquisition are included in the Entertainment segment.

The Other segment includes book publishing operations which were sold in 1993 (see Note 2B).

Newspaper 1993 second quarter and year-to-date operating income was increased \$1,100,000 as a result of the gain on sale of equipment (see Note 3). Broadcasting 1993 first quarter and year-to-date operating income was increased by \$4,300,000 as a result of the change in estimate of the additional amount of copyright fees owed ASCAP (see Note 3).

Financial information relating to the Company's business segments is as follows:

( in thousands )

	Three months ended June 30,		Six months ended June 30,	
	1994	1993	1994	1993
<b>OPERATING REVENUES</b>				
Newspapers	\$ 151,765	\$ 143,632	\$ 293,802	\$ 278,095
Broadcasting	73,892	77,401	134,245	139,246
Cable television	63,266	63,715	125,651	126,905
Entertainment	18,676	18,644	39,654	38,269
Other		3,597		8,126
Total operating revenues	\$ 307,599	\$ 306,989	\$ 593,352	\$ 590,641
<b>OPERATING INCOME</b>				
Newspapers	\$ 34,106	\$ 20,309	\$ 62,125	\$ 36,328
Broadcasting	26,161	22,563	41,951	39,571
Cable television	7,379	11,632	16,904	25,634
Entertainment	(1,045)	912	1,000	2,753
Other		82		(201)
Corporate	(3,359)	(3,076)	(6,636)	(6,426)
Total operating income	\$ 63,242	\$ 52,422	\$ 115,344	\$ 97,659
<b>DEPRECIATION</b>				
Newspapers	\$ 7,177	\$ 6,427	\$ 14,303	\$ 14,167
Broadcasting	2,292	2,487	4,459	4,926
Cable television	12,883	12,297	24,657	22,993
Entertainment	658	233	855	450
Other		8		25
Corporate	144	177	292	331
Total depreciation	\$ 23,154	\$ 21,629	\$ 44,566	\$ 42,892
<b>AMORTIZATION OF INTANGIBLE ASSETS</b>				
Newspapers	\$ 1,747	\$ 1,732	\$ 3,529	\$ 3,479
Broadcasting	2,861	3,114	5,724	6,085
Cable television	2,874	3,254	5,842	6,582
Entertainment	24	3	24	5
Other		315		630
Total amortization of intangible assets	\$ 7,506	\$ 8,418	\$ 15,119	\$ 16,781
<b>CAPITAL EXPENDITURES</b>				
Newspapers	\$ 4,187	\$ 7,630	\$ 10,259	\$ 14,062
Broadcasting	3,185	2,124	5,877	5,486
Cable television	10,650	17,978	22,171	31,998
Entertainment	471	54	502	382
Corporate	171		287	1,212
Total capital expenditures	\$ 18,664	\$ 27,786	\$ 39,096	\$ 53,140

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

Consolidated results of operations were as follows:

( in thousands, except per share data )

	1994	Quarterly Period Change	1993	1994	Year-to-Date Change	1993
Operating Revenues:						
Newspapers	\$ 151,765	5.7 %	\$ 143,632	\$ 293,802	5.6 %	\$ 278,095
Broadcasting	73,892	(4.5)%	77,401	134,245	(3.6)%	139,246
Cable television	63,266	(0.7)%	63,715	125,651	(1.0)%	126,905
Entertainment	18,676	0.2 %	18,644	39,654	3.6 %	38,269
Other			3,597			8,126
Total operating revenues	\$ 307,599	0.2 %	\$ 306,989	\$ 593,352	0.5 %	\$ 590,641
Operating income:						
Newspapers	\$ 34,106	67.9 %	\$ 20,309	\$ 62,125	71.0 %	\$ 36,328
Broadcasting	26,161	15.9 %	22,563	41,951	6.0 %	39,571
Cable television	7,379	(36.6)%	11,632	16,904	(34.1)%	25,634
Entertainment	(1,045)		912	1,000	(63.7)%	2,753
Other			82			(201)
Corporate	(3,359)	(9.2)%	(3,076)	(6,636)	(3.3)%	(6,426)
Total operating income	63,242	20.6 %	52,422	115,344	18.1 %	97,659
Interest expense	(4,613)		(7,148)	(9,272)		(15,059)
Gain on sale of subsidiary companies and copyrights	31,621		1,774	31,621		22,436
Miscellaneous, net	(374)		(1,431)	(252)		1,941
Income taxes	(39,174)		(20,975)	(59,526)		(47,657)
Minority interest	(2,878)		(2,555)	(4,994)		(4,635)
Net income	\$ 47,824	116.5 %	\$ 22,087	\$ 72,921	33.3 %	\$ 54,685
Net income per share of common stock	\$ .64	113.3 %	\$ .30	\$ .98	34.2 %	\$ .73
Weighted average shares outstanding	74,776	0.2 %	74,627	74,769	0.2 %	74,620
Effective income tax rate	43.6 %		46.0 %	43.3 %		44.5 %

For comparison purposes certain 1993 operating revenues, operating expenses, and equity in income of certain joint ventures (see below) have been reclassified to conform with 1994 classifications.

Previously reported 1993 segment information has been restated to conform with 1994 segment classifications. The Entertainment segment includes United Media licensing and syndication (previously included in the Publishing segment), Scripps Howard Productions (a producer of television programming), The Home & Garden Television Network (a 24-hour cable television channel scheduled for launch in late 1994), and the Company's equity interest in The Food Network and SportSouth cable television networks (previously reported in Miscellaneous, net). On March 31, 1994 the Company completed the acquisition of Cinetel Productions (an independent producer of programs for cable television). Cinetel operating results from the date of acquisition are included in the Entertainment segment.

The Other segment includes book publishing operations which were sold in 1993 (see (ii) below).

The following items affected the comparability of the Company's reported results of operations:

- (i) The Company sold its worldwide Garfield and U.S. Acres copyrights in the second quarter of 1994. The sale resulted in a gain of \$31,600,000, \$17,400,000 after-tax, \$.23 per share, in the three- and six-month periods ended June 30, 1994. See Note 3 to the Consolidated Financial Statements.
- (ii) The Company sold its book publishing operations and a newspaper in the first six months of 1993. In subsequent quarters a newspaper, a television station, and radio stations in three markets were sold. The aforementioned businesses, and any related gains on the sales of the businesses, are hereinafter referred to as the "Divested Operations." See Note 2B to the Consolidated Financial Statements.

The following items related to Divested Operations affected the comparability of the Company's reported results of operations:

( in thousands, except per share data )

Quarterly Period  
1993

Year-to-Date  
1993

Operating revenues	\$ 16,300	\$ 31,800
Operating income	2,300	3,300
Gain recognized (before income taxes and minority interests)	1,774	22,436
Gain recognized (after income taxes and minority interests)	300	12,400
Gain recognized per share (after income taxes and minority interests)	.00	.17

- (iii) The Company realized a gain of \$1,100,000 on the sale of certain equipment ("Gain on Equipment") in the second quarter of 1993. The gain increased second quarter and year-to-date net income \$700,000, \$.01 per share. See Note 3 to the Consolidated Financial Statements.
- (iv) In the first quarter of 1993 management changed the estimate of the additional amount of copyright fees the Company would owe when a dispute between the television industry and the American Society of Composers, Authors and Publishers was resolved ("ASCAP Adjustment"). The adjustment increased broadcasting operating income \$4,300,000 and net income \$2,300,000, \$.03 per share. See Note 3 to the Consolidated Financial Statements.
- (v) In the first quarter of 1993 the Company's agreement to guarantee up to \$53,000,000 of the Ogden, Utah, Standard Examiner's debt expired with a change in ownership of the Standard Examiner. The Company received a \$2,500,000 fee in connection with the transaction ("Ogden Fee"). The fee increased net income \$1,600,000, \$.02 per share. See Note 3 to the Consolidated Financial Statements.

The items above are excluded from the consolidated and segment operating results presented in the following pages of this Management's Discussion and Analysis. Management believes they are not relevant to understanding the Company's ongoing operations.

Net income per share was as follows:

	1994	Quarterly Period Change	1993	1994	Year-to-Date Change	1993
Adjusted net income per share (excluding gains and unusual items)	\$ .41	46.4 %	\$ .28	\$ .74	48.0 %	\$ .50

Year-to-date interest expense decreased \$5,800,000 as average long-term debt in 1994 was \$212,000,000 less than in 1993.

Miscellaneous includes the Ogden Fee described in (v) above.

RESULTS OF OPERATIONS

CONSOLIDATED - Operating results, excluding the Divested Operations, Gain on Equipment and ASCAP Adjustment, were as follows:

( in thousands )	Quarterly Period			Year-to-Date		
	1994	Change	1993	1994	Change	1993
Operating revenues:						
Newspapers	\$ 151,765	8.9 %	\$ 139,329	\$ 293,802	8.9 %	\$ 269,722
Broadcast television	73,892	7.0 %	69,033	134,245	8.3 %	123,959
Cable television	63,266	(0.7)%	63,715	125,651	(1.0)%	126,905
Entertainment	18,676	0.2 %	18,644	39,654	3.6 %	38,269
Total operating revenues	\$ 307,599	5.8 %	\$ 290,721	\$ 593,352	6.2 %	\$ 558,855
Operating income:						
Newspapers	\$ 34,106	73.4 %	\$ 19,669	\$ 62,125	72.5 %	\$ 36,017
Broadcast television	26,161	31.9 %	19,836	41,951	35.2 %	31,030
Cable television	7,379	(36.6)%	11,632	16,904	(34.1)%	25,634
Entertainment	(1,045)		912	1,000	(63.7)%	2,753
Corporate	(3,359)	(9.2)%	(3,076)	(6,636)	(3.3)%	(6,426)
Total operating income	\$ 63,242	29.1 %	\$ 48,973	\$ 115,344	29.6 %	\$ 89,008
Other Financial and Statistical Data:						
Total advertising revenues	\$ 185,339	9.4 %	\$ 169,488	\$ 348,596	9.8 %	\$ 317,411
Advertising revenues as a percentage of total revenues	60.3 %		58.3 %	58.8 %		56.8 %
Total capital expenditures	\$ 18,664	(32.0)%	\$ 27,461	\$ 39,096	(25.8)%	\$ 52,695

SEGMENTS - Operating results, excluding the Divested Operations, Gain on Equipment, and the ASCAP Adjustment, for each of the Company's business segments are presented on the following pages.

Earnings before interest, income taxes, depreciation, and amortization ("EBITDA") is included in the discussion of segment results because:

Acquisitions of communications media businesses are based on multiples of EBITDA.

Financial analysts use EBITDA to value communications media companies.

Changes in depreciation and amortization are often unrelated to current performance. Management believes the year-over-year change in EBITDA is a more useful measure of year-over-year performance than the change in operating income because, combined with information on capital spending plans, it is a more reliable indicator of results that may be expected in future periods.

Banks and other lenders use EBITDA to determine the Company's borrowing capacity.

EBITDA should not, however, be construed as an alternative measure of the amount of the Company's income or cash flows from operating activities.

NEWSPAPERS - Operating results for the newspaper segment, excluding the Divested Operations and Gain on Equipment, were as follows:

( in thousands, except newsprint information )

	1994	Quarterly Period Change	1993	1994	Year-to-Date Change	1993
Operating revenues:						
Local	\$ 46,611	5.7 %	\$ 44,090	\$ 91,880	6.9 %	\$ 85,934
Classified	42,652	15.7 %	36,878	80,040	13.7 %	70,396
National	4,098	20.6 %	3,397	8,094	30.5 %	6,200
Preprint	15,387	11.3 %	13,821	29,478	10.1 %	26,782
Newspaper advertising	108,748	10.8 %	98,186	209,492	10.7 %	189,312
Circulation	29,189	2.3 %	28,536	58,745	2.5 %	57,322
Joint operating agency distributions	11,680	13.2 %	10,320	21,446	14.8 %	18,681
Other	2,148	(6.1)%	2,287	4,119	(6.5)%	4,407
Total operating revenues	151,765	8.9 %	139,329	293,802	8.9 %	269,722
Operating expenses:						
Employee compensation and benefits	55,537	(1.0)%	56,082	110,108	(0.3)%	110,450
Newsprint and ink	22,131	(2.1)%	22,611	42,788	(0.7)%	43,091
Other	31,067	(2.5)%	31,848	60,949	(1.2)%	61,703
Depreciation and amortization	8,924	(2.1)%	9,119	17,832	(3.4)%	18,461
Total operating expenses	117,659	(1.7)%	119,660	231,677	(0.9)%	233,705
Operating income	\$ 34,106	73.4 %	\$ 19,669	\$ 62,125	72.5 %	\$ 36,017
Other Financial and Statistical Data:						
Earnings before interest, income taxes, depreciation, and amortization ("EBITDA")	\$ 43,030	49.5 %	\$ 28,788	\$ 79,957	46.8 %	\$ 54,478
Percent of operating revenues:						
Operating income	22.5 %		14.1 %	21.1 %		13.4 %
EBITDA	28.4 %		20.7 %	27.2 %		20.2 %
Capital expenditures	\$ 4,187	(43.8)%	\$ 7,450	\$ 10,259	(25.9)%	\$ 13,849
Advertising inches:						
Local	1,960	0.6 %	1,949	3,931	1.7 %	3,864
Classified	3,055	6.9 %	2,859	5,743	6.4 %	5,399
National	104	4.0 %	100	205	12.6 %	182
Total full run ROP	5,119	4.3 %	4,908	9,879	4.6 %	9,445
Newsprint information:						
Consumption (in tonnes)	49,770	3.9 %	47,891	96,993	4.2 %	93,049
Weighted average price per tonne	\$ 425	(6.1)%	\$ 453	\$ 422	(5.2)%	\$ 445

Demand for local advertising continued to improve in the first half of 1994 and strong growth in classified continues with the economic recovery. Advertising revenues increased for all of the Company's daily newspapers. Newsprint suppliers have announced price increases which would result in a fourth quarter 1994 weighted average price per tonne approximately 15% higher than the weighted average price in the fourth quarter of 1993.

BROADCAST TELEVISION - Operating results for the broadcast television segment, excluding the Divested Operations and ASCAP Adjustment, were as follows:

( in thousands )	1994	Quarterly Period Change	1993	1994	Year-to-Date Change	1993
Operating revenues:						
Local	\$ 38,030	8.6 %	\$ 35,029	\$ 70,517	9.4 %	\$ 64,446
National	32,507	2.5 %	31,712	57,832	5.4 %	54,894
Political	1,239		33	1,601		209
Other	2,116	(6.3)%	2,259	4,295	(2.6)%	4,410
Total operating revenues	73,892	7.0 %	69,033	134,245	8.3 %	123,959
Operating expenses:						
Employee compensation and benefits	18,545	5.3 %	17,613	36,483	5.1 %	34,712
Program costs	13,059	(11.5)%	14,761	25,085	(6.3)%	26,777
Other	10,974	(5.0)%	11,556	20,543	(2.6)%	21,087
Depreciation and amortization	5,153	(2.2)%	5,267	10,183	(1.6)%	10,353
Total operating expenses	47,731	(3.0)%	49,197	92,294	(0.7)%	92,929
Operating income	\$ 26,161	31.9 %	\$ 19,836	\$ 41,951	35.2 %	\$ 31,030
Other Financial and Statistical Data:						
Earnings before interest, income taxes, depreciation, and amortization ("EBITDA")	\$ 31,314	24.7 %	\$ 25,103	\$ 52,134	26.0 %	\$ 41,383
Percent of operating revenues:						
Operating income	35.4 %		28.7 %	31.2 %		25.0 %
EBITDA	42.4 %		36.4 %	38.8 %		33.4 %
Capital expenditures	\$ 3,185	60.9 %	\$ 1,979	\$ 5,877	11.9 %	\$ 5,254

Improved demand for advertising time led to the increase in revenues and EBITDA. EBITDA improved sharply at the Company's Baltimore television station following termination of an agreement to broadcast Oriole baseball games. The loss of baseball advertising revenue was more than offset by the switch to lower-cost programming. Excluding the Baltimore station, revenues increased 12 percent.

The Company has entered into 10-year affiliation agreements with the ABC television network in five of the Company's television markets. The agreements with ABC extend existing affiliation agreements in the Detroit and Cleveland markets, and will replace the current NBC affiliation in Baltimore and Fox affiliations in Phoenix and Tampa. The Company has reached agreements to affiliate its Kansas City television station with NBC and to extend its existing NBC affiliations in Tulsa and West Palm Beach. The Company had previously been notified of Fox's plans to move its programming to other stations in the Kansas City, Phoenix, and Tampa markets.

CABLE TELEVISION - Operating results for the cable television segment were as follows:

( in thousands, except per subscriber information )	1994	Quarterly Period Change	1993	1994	Year-to-Date Change	1993
Operating revenues:						
Basic services	\$ 41,315	(6.3)%	\$ 44,094	\$ 82,352	(6.2)%	\$ 87,791
Premium programming services	12,189	6.6 %	11,437	24,186	6.2 %	22,769
Other monthly service	4,257	24.1 %	3,429	8,471	23.8 %	6,845
Advertising	2,699	19.0 %	2,269	4,859	17.4 %	4,140
Installation and miscellaneous	2,806	12.9 %	2,486	5,783	7.9 %	5,360
Total operating revenues	63,266	(0.7)%	63,715	125,651	(1.0)%	126,905
Operating expenses:						
Employee compensation and benefits	10,272	4.2 %	9,856	20,821	7.1 %	19,433
Program costs	15,253	11.7 %	13,652	30,192	10.9 %	27,216
Other	14,605	12.1 %	13,024	27,235	8.7 %	25,047
Depreciation and amortization	15,757	1.3 %	15,551	30,499	3.1 %	29,575
Total operating expenses	55,887	7.3 %	52,083	108,747	7.4 %	101,271
Operating income	\$ 7,379	(36.6)%	\$ 11,632	\$ 16,904	(34.1)%	\$ 25,634
Other Financial and Statistical Data:						
Earnings before interest, income taxes, depreciation, and amortization ("EBITDA")	\$ 23,136	(14.9)%	\$ 27,183	\$ 47,403	(14.1)%	\$ 55,209
Percent of operating revenues:						
Operating income	11.7 %		18.3 %	13.5 %		20.2 %
EBITDA	36.6 %		42.7 %	37.7 %		43.5 %
Capital expenditures	\$ 10,650	(40.8)%	\$ 17,978	\$ 22,171	(30.7)%	\$ 31,998
Average number of basic subscribers	712.9	4.8 %	680.4	709.1	4.6 %	678.0
Average monthly revenue per basic subscriber	\$ 29.58	(5.2)%	\$ 31.21	\$ 29.53	(5.4)%	\$ 31.20
Homes passed at end of period				1,156.3	1.8 %	1,136.3
Basic subscribers at end of period				715.7	5.1 %	681.0
Penetration rate				61.9 %		59.9 %

Re-regulation of the cable television industry significantly affected the Company's cable television operations. New rules which became effective in July 1994 are expected to reduce rates slightly in the third quarter.

Other operating expenses includes a \$1,500,000 charge for special rebates to the Company's Sacramento system customers and related legal costs. The rebate was awarded by a federal court in connection with litigation concerning the system's pricing policies in the late 1980s.

ENTERTAINMENT - Operating results for the entertainment segment were as follows:

( in thousands )	Quarterly Period		1994		Year-to-Date	
	1994	Change	1993	1994	Change	1993
Operating revenues:						
Licensing	\$ 11,596	(13.6)%	\$ 13,422	\$ 27,404	(0.1)%	\$ 27,441
Syndication	4,591	(2.8)%	4,725	9,305	(2.2)%	9,516
Film and television production	2,489		497	2,945	124.5 %	1,312
Other						
Total operating revenues	18,676	0.2 %	18,644	39,654	3.6 %	38,269
Operating expenses:						
Employee compensation and benefits	3,944	12.9 %	3,493	7,149	2.1 %	7,005
Artists' royalties	8,080	(11.7)%	9,154	18,721	1.1 %	18,512
Film and television production costs	645	190.5 %	222	904	18.9 %	760
Other	6,370	37.7 %	4,627	11,001	25.2 %	8,784
Depreciation and amortization	682	189.0 %	236	879	93.2 %	455
Total operating expenses	19,721	11.2 %	17,732	38,654	8.8 %	35,516
Operating income	\$ (1,045)		\$ 912	\$ 1,000	(63.7)%	\$ 2,753
Other Financial and Statistical Data:						
Earnings before interest, income taxes, depreciation, and amortization ("EBITDA")	\$ (363)	(131.6)%	\$ 1,148	\$ 1,879	(41.4)%	\$ 3,208
Percent of operating revenues:						
Operating income	(5.6)%		4.9 %	2.5 %		7.2 %
EBITDA	(1.9)%		6.2 %	4.7 %		8.4 %
Capital expenditures	\$ 471		\$ 54	\$ 502		\$ 382

The Company acquired Cinetel Productions in Knoxville, Tennessee, on March 31, 1994. Cinetel is one of the largest independent producers of programs for cable television. Cinetel's results of operations are included in the Entertainment segment from the date of acquisition.

The Company completed the sale of its Garfield and U.S. Acres copyrights in the second quarter, contributing to the decrease in licensing and syndication revenues and EBITDA. The change in the exchange rate for the Japanese yen increased licensing revenues \$900,000 in the year-to-date period.

Start-up costs for The Home & Garden Television Network ("HGTV"), a 24-hour cable channel scheduled for launch in late 1994, totaled \$1,500,000 in the first six months of 1994.

## LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities was \$121,700,000 in 1994 compared to \$91,200,000 in 1993.

Cash flow from operating activities and from the sale of copyrights totaled \$155,000,000 in 1994 and was used primarily for capital expenditures of \$39,100,000, acquisitions and investments of \$19,100,000, debt reduction of \$85,400,000, and dividend payments of \$18,200,000. The debt to total capitalization ratio at June 30 was .15 in 1994 and .34 in 1993.

Consolidated capital expenditures for the remainder of 1994 are expected to total approximately \$45,000,000, including HGTV. Current maturities of long-term debt at June 30, 1994 total \$11,000,000. The Company expects to finance its capital requirements and start-up costs for HGTV primarily through cash flow from operations.

## PROPOSED MERGER

On April 7, 1994 the board of directors of Scripps Howard Broadcasting Company ("SHB") approved a merger proposal from the Company, under which the Company would exchange 3.45 shares of its Class A Common stock for each SHB share. The Company and SHB executed a definitive agreement on May 4, 1994. The merger is subject to regulatory approvals and a vote of SHB shareholders. If the merger is effected under the terms proposed by the Company, approximately 5,000,000 additional shares of Class A Common stock would be issued. There can be no assurance that the merger will be entered into or that any transaction will be consummated.

## Index to Exhibits

Exhibit No.	Item	Page
12	Ratio of Earnings to Fixed Charges	E-2

## RATIO OF EARNINGS TO FIXED CHARGES

EXHIBIT 12

( in thousands )

	Three months ended June 30,		Six months ended June 30,	
	1994	1993	1994	1993
<b>EARNINGS AS DEFINED:</b>				
Earnings from operations before income taxes after eliminating undistributed earnings of 20%- to 50%-owned affiliates	\$ 91,190	\$ 45,523	\$ 139,864	\$ 107,042
Fixed charges excluding capitalized interest and preferred stock dividends of majority-owned subsidiary companies	5,985	8,483	11,985	17,667
Earnings as defined	\$ 97,175	\$ 54,006	\$ 151,849	\$ 124,709
<b>FIXED CHARGES AS DEFINED:</b>				
Interest expense, including amortization of debt issue costs	\$ 4,613	\$ 7,148	\$ 9,272	\$ 15,059
Interest capitalized		9		53
Portion of rental expense representative of the interest factor	1,156	1,182	2,303	2,318
Preferred stock dividends of majority-owned subsidiary companies	20	23	40	45
Share of interest expense related to guaranteed debt 50%-owned affiliated company	216	153	410	290
Fixed charges as defined	\$ 6,005	\$ 8,515	\$ 12,025	\$ 17,765
RATIO OF EARNINGS TO FIXED CHARGES	16.18	6.34	12.63	7.02

