Section 86.1 Information for Canadian Shareholders of The E.W. Scripps Company and Additional Information for Québec Income Tax Filers

On April 1, 2015, The E.W. Scripps Company completed a reorganization in which it spun-off its subsidiary Desk Spinco, Inc. If you received your The E.W. Scripps Company common shares in this reorganization, this summary contains important Canadian tax information that may be relevant to you.

Where a Canadian shareholder of share(s) of a foreign company ("distributing company") receives a distribution of shares ("spin-off shares") as a result of the distributing company's eligible corporate reorganization ("spin-off"), section 86.1 of the federal Canadian *Income Tax Act* may permit such a spin-off share distribution to pass to the shareholder on a rollover (i.e., tax – deferred) basis, provided the shareholder complies with certain filing requirements specified in section 86.1.

This memo provides a basic overview of the filing requirements pursuant to section 86.1 as they may apply to the April 1, 2015 **The E.W. Scripps Company** ("E.W. Scripps") spin-off of **Desk Spinco, Inc.** ("Spinco"), which has been approved by the Canada Revenue Agency as eligible for Canadian tax purposes. Additional information for Québec income tax filers is provided in a separate section below.

PLEASE NOTE THAT THIS MEMO PROVIDES ONLY A BASIC OVERVIEW OF THE FILING REQUIREMENTS AND OFFERS NO ACCOUNTING OR TAX GUIDANCE, AS A TAX ADVISOR SHOULD BE CONSULTED FOR THOSE PURPOSES.

A Summary of the Spin-Off

E.W. Scripps's April 1, 2015 ("Distribution Date") transactions affecting the Canadian shareholders involved:

- On the Distribution Date, 100% of Spinco common shares were distributed, through a pro-rata distribution, to holders of E.W. Scripps Class A Common Shares ("common shareholder") ("Spin-off"). Each E.W. Scripps common shareholder received one (1) Spinco common share for every one (1) E.W. Scripps common shares owned at the close of business on March 25, 2015.

Basic Overview - Section 86.1 Election Requirements

In order for the spin-off shares on an eligible distribution to pass to the shareholder on a rollover basis, paragraph 86.1(2)(f) of the *Income Tax Act* requires the shareholder to provide the following documentation and information to the Canada Revenue Agency ("CRA"):

1. A letter addressed to the CRA stating that the taxpayer wishes section 86.1 of the *Income Tax Act* to apply to the distribution (the taxpayer must use a letter as there is currently no prescribed form for this specific election);

2. The letter must be filed with the taxpayer's income tax return within the prescribed filing time for the taxation year in which the distribution took place (late filings may be accepted, but penalties may apply);

3. The letter must state the following information about the shares of the distributing company ("original shares") the taxpayer owned **immediately before** the distribution of the spin-off shares to the shareholder:

    i. The number of the original shares owned;

    ii. The aggregate adjusted cost base of all the original shares to the taxpayer (i.e. the price the shareholder paid on acquisition of the E.W. Scripps common shares);

    iii. The aggregate fair market value of the original shares (see section "Determining the Fair Market Value of the Shares" below); and

4. The letter must state the following information about the spin-off and original shares the taxpayer owned **immediately after** the distribution:

    i. The number of the original shares owned;

    ii. The aggregate fair market value of the original shares (see section "Determining the Fair Market Value of the Shares" below);

    iii. The number of the spin-off shares received;

    iv. The aggregate fair market value of the spin-off shares (see section "Determining the Fair Market Value of the Shares" below).

For greater certainty, the original and spin-off shares are the E.W. Scripps Class A common shares and Spinco common shares, respectively.

Determining the Cost of the Shares

The cost of the original shares is determined by the allocation of the tax basis between an E.W. Scripps Class A common share and Spinco common share based on their relative fair market value immediately after the distribution of the Spinco common shares. The fair market value determination is not prescribed or defined under the *Income Tax Act.* The approach taken by E.W. Scripps is based on the fair market values of an E.W. Scripps Class A common share and a Spinco common share (which approximated the fair market value of 0.25 JMG common share) determined by averaging their respective high and low trading prices on the day of the distribution. The average of the high and low trading price of E.W. Scripps and Spinco was $24.39 and $8.89, respectively.

See below for the tax basis allocation percentage:

	Fair Market Value	Tax Basis Allocation (%)
E.W. Scripps	$24.39	91.65%
Spinco	$2.223	8.35%

Additional Information for Québec Income Tax Filers

Québec income tax filers who wish to take advantage of the section 86.1 rollover for the E.W. Scripps distribution for both, the federal and Québec tax purposes, should enclose, in their Québec income tax returns, a copy of the section 86.1 election letter addressed to the CRA and also a separate letter addressed to Revenu Québec explaining that the enclosed copy of the letter to the CRA is in compliance with subsection 578.1(f) of the Québec *Taxation Act* and sets out the information required by subsection 578.3(2) of the Québec *Taxation Act.* Québec filers should additionally enclose a copy of the CRA letter which confirms the eligibility of the April 1, 2015 Spin-Off.