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

FORM 10-Q

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

For the quarterly period ended June 30, 2003

OR

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

For the transition period from __________ to __________

Commission File Number 0-16914

THE E. W. SCRIPPS COMPANY
(Exact name of registrant as specified in its charter)

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

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

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

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 by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of July 31, 2003 there were 62,330,859 of the Registrant's Class A Common Shares outstanding and 18,369,113 of the Registrant's Common Voting Shares outstanding.

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PART I

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

ITEM 1. FINANCIAL STATEMENTS

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

PART II

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

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

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

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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 April 29, 2003 Annual Meeting of Shareholders.

Description of Matters Submitted	In Favor	Against	Abstain	Broker Non-Votes
Class A Common Shares:				
Election of Directors:				
David A. Galloway	58,876,839	491,958		
Nicholas B. Paumgarten	57,875,220	1,493,577		
Ronald W. Tysoe	58,541,409	827,388		
Julie A. Wrigley	58,541,884	826,913		
Common Voting Shares:				
Election of Directors:				
William R. Burleigh	18,311,273			
John H. Burlingame	18,311,273			
Kenneth W. Lowe	18,311,273			
Jarl Mohn	18,311,273			
Nackey E. Scagliotti	18,308,373	2,900		
Edward W. Scripps	18,305,473	5,800		
Paul K. Scripps	18,311,273			

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

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

Reports on Form 8-K

A Current Report on Form 8-K reporting the release of information regarding the results of operations for the quarter ended March 31, 2003, was filed on April 10, 2003.

A Current Report on Form 8-K reporting the Edward W. Scripps Trust's offering of 7,000,000 of our Class A Common Shares through Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated pursuant to an Underwriting Agreement dated April 24, 2003, was filed on April 24, 2003.

A Current Report on Form 8-K reporting the release of information regarding the results of operations for the quarter ended June 30, 2003, was filed on July 14, 2003.

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 1, 2003

By: /s/ JOSEPH G. NECASTRO

Joseph G. NeCastro
Senior Vice President and Chief Financial Officer

THE E. W. SCRIPPS COMPANY

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CONSOLIDATED BALANCE SHEETS

(in thousands)	June 30, 2003 (Unaudited)	As of December 31, 2002	June 30, 2002 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 23,975	$ 15,508	$ 18,004
Accounts and notes receivable (less allowances—$18,666, $18,092, $18,772)	292,102	280,352	233,965
Programs and program licenses	109,602	124,196	124,429
Inventories	31,243	24,234	6,955
Deferred income taxes	27,568	30,364	34,795
Miscellaneous	27,290	25,357	35,918
Total current assets	511,780	500,011	454,066
Investments	248,598	254,351	257,248
Property, plant and equipment	467,261	456,789	403,735
Goodwill	1,173,994	1,171,109	1,141,318
Other assets:			
Programs and program licenses (less current portion)	175,045	162,022	119,497
Unamortized network distribution incentives	195,228	199,013	161,826
Intangible assets	66,514	67,795	63,292
Note receivable from Summit America	44,000	43,250	
Miscellaneous	17,944	15,997	12,711
Total other assets	498,731	488,077	357,326
TOTAL ASSETS	$2,900,364	$2,870,337	$2,613,693

See notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	June 30, 2003 (Unaudited)	As of December 31, 2002	June 30, 2002 (Unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt		$ 75,171	$ 554,902
Accounts payable	$ 104,102	113,579	59,291
Customer deposits and unearned revenue	46,626	40,582	28,618
Accrued liabilities:			
Employee compensation and benefits	57,987	80,167	42,005
Network distribution incentives	47,990	62,846	38,786
Miscellaneous	69,898	53,728	67,391
Total current liabilities	326,603	426,073	790,993
Deferred income taxes	160,157	142,630	139,367
Long-term debt (less current portion)	629,007	649,801	113,996
Other liabilities and minority interests (less current portion)	133,030	136,368	135,910
Shareholders' 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: 62,329,923; 61,668,221; and 60,810,692 shares	623	617	608
Voting—authorized: 30,000,000 shares; issued and outstanding: 18,369,113; 18,369,113; and 19,096,913 shares	184	184	191
Total	807	801	799
Additional paid-in capital	259,965	218,623	211,664
Retained earnings	1,417,372	1,324,027	1,226,549
Accumulated other comprehensive income (loss), net of income taxes:			
Unrealized gains (losses) on securities available for sale	4,609	(945)	1,715
Pension liability adjustments	(22,650)	(22,650)	
Foreign currency translation adjustment	460	199	5
Unvested restricted stock awards	(8,996)	(4,590)	(7,305)
Total shareholders' equity	1,651,567	1,515,465	1,433,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,900,364	$2,870,337	$2,613,693

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Operating Revenues:				
Advertising	$329,950	$296,339	$625,670	$560,069
Retail merchandise sales	54,361	628	109,926	1,117
Circulation	33,694	34,396	69,256	69,819
Network affiliate fees, net	23,336	20,348	45,557	38,508
Licensing	18,816	18,068	40,549	34,266
Other	14,689	10,656	29,082	21,341
Total operating revenues	474,846	380,435	920,040	725,120
Operating Expenses:				
Employee compensation and benefits (exclusive of JOA editorial costs and expenses)	128,058	116,443	255,433	231,539
Amortization of programs and program licenses	43,091	38,964	83,317	75,832
Cost of merchandise sold	37,238	307	76,264	527
Newsprint and ink	17,860	16,210	35,874	34,119
JOA editorial costs and expenses	9,296	8,997	18,381	17,622
Other costs and expenses	121,964	94,652	240,604	180,076
Total costs and expenses	357,507	275,573	709,873	539,715
Depreciation	15,945	14,458	30,764	27,317
Amortization of intangible assets	1,171	970	2,328	1,994
Total operating expenses	374,623	291,001	742,965	569,026
Operating income	100,223	89,434	177,075	156,094
Interest expense	(7,832)	(6,629)	(15,835)	(13,221)
Equity in earnings of JOAs and other joint ventures	22,511	20,503	40,064	36,259
Investment results, net of expenses	(3,200)	(65,551)	(3,200)	(73,939)
Miscellaneous, net	1,044	(764)	2,685	(618)
Income before income taxes and minority interests	112,746	36,993	200,789	104,575
Provision for income taxes	45,783	9,085	80,872	35,953
Income before minority interests	66,963	27,908	119,917	68,622
Minority interests	2,230	952	2,495	1,786
Net income	$ 64,733	$ 26,956	$117,422	$ 66,836
Net income per share of common stock:				
Basic	$ .81	$ .34	$ 1.47	$ .84
Diluted	.80	.33	1.45	.83

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six months ended June 30,	
	2003	2002
Cash Flows from Operating Activities:		
Net income	$ 117,422	$ 66,836
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	33,092	29,311
Net investment results and other nonrecurring items	2,080	39,376
Deferred income taxes	18,411	16,851
Tax benefits of stock compensation plans	8,929	12,931
Dividends received greater than equity in earnings of JOAs and other joint ventures	12,307	4,954
Stock and deferred compensation plans	4,870	8,410
Minority interests in income of subsidiary companies	2,495	1,786
Affiliate fees billed greater than amounts recognized as revenue	5,625	6,708
Network launch incentive payments	(19,938)	(71,841)
Payments for programming less (greater) than program cost amortization	(13,799)	(13,639)
Other changes in certain working capital accounts, net	(17,025)	(5,410)
Miscellaneous, net	2,271	4,495
Net operating activities	156,740	100,768
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(39,548)	(36,763)
Purchase of subsidiary companies and long-term investments	(4,118)	(11,395)
Miscellaneous, net	(362)	4,689
Net investing activities	(44,028)	(43,469)
Cash Flows from Financing Activities:		
Increase in long-term debt	50,000	4,099
Payments on long-term debt	(147,770)	(59,063)
Dividends paid	(24,077)	(23,882)
Dividends paid to minority interests	(722)	(783)
Miscellaneous, net (primarily employee stock options)	18,324	22,915
Net financing activities	(104,245)	(56,714)
Increase (decrease) in cash and cash equivalents	8,467	585
Cash and cash equivalents:		
Beginning of year	15,508	17,419
End of period	$ 23,975	$ 18,004
Supplemental Cash Flow Disclosures:		
Interest paid, excluding amounts capitalized	$ 15,519	$ 13,639
Income taxes paid	37,690	33,081

See notes to consolidated financial statements.

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

(in thousands, except share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unvested Restricted Stock Awards	Total Shareholders' Equity	Comprehensive Income for the Three Months Ended June 30
As of December 31, 2001	$ 792	$174,485	$1,183,595	$ 4,513	$(11,485)	$1,351,900	
Comprehensive income:							
Net income			66,836			66,836	$ 26,956
Unrealized gains (losses), net of tax of ($1,789) and $4,881				(3,288)		(3,288)	9,099
Adjustment for losses (gains) in income, net of tax of ($35) and ($2)				(64)		(64)	(3)
Change in unrealized gains (losses)				(3,352)		(3,352)	9,096
Currency translation, net of tax of $45				559		559	452
Total			66,836	(2,793)		64,043	$ 36,504
Dividends: declared and paid—$.30 per share			(23,882)			(23,882)	
Compensation plans, net: 744,166 shares issued; 37,020 shares repurchased; 200 shares forfeited	7	24,248			4,180	28,435	
Tax benefits of compensation plans		12,931				12,931	
As of June 30, 2002	$ 799	$211,664	$1,226,549	$ 1,720	$ (7,305)	$1,433,427	
As of December 31, 2002	$ 801	$218,623	$1,324,027	$ (23,396)	$ (4,590)	$1,515,465	
Comprehensive income:							
Net income			117,422			117,422	$ 64,733
Unrealized gains (losses), net of tax of $2,977 and $4,433				5,530		5,530	8,235
Adjustment for losses (gains) in income, net of tax of $13 and $43				24		24	79
Change in unrealized gains (losses)				5,554		5,554	8,314
Currency translation, net of tax of $300 and $196				261		261	155
Total			117,422	5,815		123,237	$ 73,202
Dividends: declared and paid—$.30 per share			(24,077)			(24,077)	
Compensation plans, net: 706,706 shares issued; 43,304 shares repurchased; 1,700 shares forfeited	6	32,413			(4,406)	28,013	
Tax benefits of compensation plans		8,929				8,929	
As of June 30, 2003	$ 807	$259,965	$1,417,372	$ (17,581)	$ (8,996)	$1,651,567	

See notes to consolidated financial statements.

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The information disclosed in the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002, has not changed materially. Financial information as of December 31, 2002, included in these financial statements has been derived from the audited consolidated financial statements included in that report. In management's opinion all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

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

Use of Estimates—We must make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could, in fact, differ from those estimated at the time of preparation of the financial statements.

Our financial statements include estimates for uncollectible accounts receivable; product returns and rebates due to customers; the fair value of our inventories; revenue recognized under customer-billed arrangements; the periods over which long-lived assets are depreciated or amortized; assumptions used in accounting for our defined benefit pension plans; self-insured risks and income taxes payable.

We self-insure employees' medical and disability income benefits, workers' compensation benefits and general liability. The recorded liability, which totaled $24.2 million at June 30, 2003, is calculated using actuarial methods and is not discounted. Management does not believe it is likely that its estimates for such items will change materially in the near term.

Newspaper Joint Operating Agencies—We are a partner in joint operating agencies ("JOAs") in four of our newspaper markets. As permitted by the Newspaper Preservation Act of 1970, a JOA provides a limited exemption from anti-trust laws, permitting competing newspapers in a market to combine all but their editorial operations in order to reduce aggregate expenses and take advantage of economies of scale, thereby allowing the continuing operation of both newspapers in that market. The JOA sells advertising and subscriptions for both newspapers in the market, and produces, distributes and markets both newspapers. The earnings generated by the JOA are distributed to the JOA partners in accordance with the joint operating agreement. Each JOA partner independently maintains editorial operations for its newspaper.

The JOA between our Denver Rocky Mountain News and MediaNews Group, Inc.'s ("MediaNews") Denver Post (the "Denver JOA") was approved by the U.S. Attorney General in January 2001. The Denver JOA is jointly managed by each of the partners. We do not share management responsibilities for each of our three other JOAs. We receive a 50% share of the earnings of the Denver JOA, and between 20% and 40% of the operating profits in the other three markets.

We include our share of JOA earnings in "Equity in earnings of JOAs and other joint ventures" in our Consolidated Statements of Income. The related editorial costs and expenses are included in "Total costs and expenses."

Our residual interest in the net assets of the Denver and Albuquerque JOAs is classified as an investment in the Consolidated Balance Sheets. We do not have a residual interest in the net assets of the other JOAs.

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Stock-Based Compensation—We have a stock-based compensation plan, which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2002. Stock options are awarded to purchase Class A Common shares at not less than 100% of the fair market value on the date of the award. Stock options and awards of Class A Common shares generally vest over a one to three-year incentive period conditioned upon the individual's employment through that period. We measure compensation expense using the intrinsic-value-based method of Accounting Principles Board Opinion 25—Accounting for Stock Issued to Employees, and its related interpretations. No stock-based compensation expense is recorded upon the issuance of stock options as the exercise price of all options granted equals the market value of the underlying common stock on the date of grant. The values of awards of Class A Common shares, which require no payment by the employee, are amortized to expense over the vesting period.

The following table illustrates the effect on net income and earnings per share if we had applied the fair-value-based recognition method of Financial Accounting Standard No. ("FAS") 123—Accounting for Stock-Based Compensation, as amended by FAS 148—Accounting for Stock-Based Compensation —Transition and Disclosure, which was effective for fiscal years ending after December 15, 2002:

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Net income as reported	$64,733	$26,956	$117,422	$66,836
Add stock-based compensation included in reported income, net of related income tax effects:				
Restricted share awards	798	1,669	1,275	3,424
Deduct stock-based compensation determined under fair value based method, net of related income tax effects:				
Restricted share awards	(798)	(1,669)	(1,275)	(3,424)
Stock options	(3,985)	(3,673)	(7,428)	(6,456)
Pro forma net income	$60,748	$23,283	$109,994	$60,380
Net income per share of common stock				
Basic earnings per share:				
As reported	$ 0.81	$ 0.34	$ 1.47	$ 0.84
Additional stock option compensation, net of income tax effects	(0.05)	(0.05)	(0.09)	(0.08)
Pro forma basic earnings per share	$ 0.76	$ 0.29	$ 1.37	$ 0.76
Diluted earnings per share:				
As reported	$ 0.80	$ 0.33	$ 1.45	$ 0.83
Additional stock option compensation, net of income tax effects	(0.05)	(0.05)	(0.09)	(0.08)
Pro forma diluted earnings per share	$ 0.75	$ 0.29	$ 1.35	$ 0.75

Fair value was calculated using the Black-Scholes option pricing model. Assumptions used to determine fair value were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Weighted-average fair value of options granted	$ 22.24	$ 22.78	$ 21.97	$ 22.18
Assumptions used to determine fair value:				
Dividend yield	0.8%	0.8%	0.8%	0.8%
Expected volatility	22.0%	22.1%	22.0%	22.1%
Risk-free rate of return	3.8%	4.5%	3.8%	4.5%
Expected life of options	7 years	7 years	7 years	7 years

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

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Basic weighted-average shares outstanding	80,156	79,546	80,027	79,282
Effect of dilutive securities:				
Unvested restricted stock held by employees	163	150	157	162
Stock options held by employees and directors	1,014	1,033	981	1,052
Diluted weighted-average shares outstanding	81,333	80,729	81,165	80,496

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

2. RESTRUCTURING CHARGES AND OTHER ITEMS

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

Net investment results

Net investment results include (i) net realized gains and losses and (ii) accrued performance-based compensation and other expenses associated with the management of Scripps Ventures Funds I and II ("Scripps Ventures").

Second quarter and year-to-date net investment results in 2003 were a pre-tax charge of $3.2 million for write-downs associated with declines in value of certain investments in development-stage businesses. Investment results reduced net income by $2.1 million, $.03 per share.

Second quarter net investment results in 2002 were a pre-tax charge of $65.6 million, reducing net income by $42.6 million, $.53 per share. Included in net investment results were $26.7 million of write-downs associated with declines in value of the Scripps Ventures investment portfolios and other investments in development-stage businesses and a $35.1 million write-down of our investment in AOL Time Warner. Also included in net investment results were $3.6 million of costs associated with winding down active management of Scripps Ventures. Year-to-date net investment results in 2002 were a pre-tax charge of $73.9 million, reducing net income by $48.0 million, $.60 per share. Year-to-date investment write-downs totaled $69.0 million in 2002.

Tax liability adjustment

We reached an agreement with the Internal Revenue Service to settle the audits of our 1992 through 1995 consolidated federal income tax returns in the second quarter of 2002. As a result, we reduced our estimated liability for open tax years by $8.0 million. Net income was increased by $8.0 million, $.10 per share.

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3. ACQUISITIONS

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

2002 – In the first quarter we acquired an additional 1% interest in The Television Food Network (“Food Network”) for $5.2 million in cash, increasing our residual interest in Food Network to approximately 70%.

The following table summarizes the estimated fair values of the assets acquired as of the dates of acquisition.

(in thousands)	Six months ended June 30,	
	2003	2002
Goodwill	$2,885	$5,235
Minority interest retired	619	
Cash paid	$3,504	$5,235

In addition to the acquisitions described above, we also acquired an additional interest of less than one percent in our Evansville newspaper in the third quarter of 2002 for $0.3 million in cash. In the fourth quarter of 2002, we acquired a 70% controlling interest in Shop At Home from Summit America Television, Inc. (“Summit America”) for $49.5 million. Related to the acquisition of the controlling interest, we loaned Summit America $47.5 million to be repaid in three years and purchased $3.0 million of Summit America redeemable preferred stock.

Acquiring a controlling interest in Shop At Home provides us with an existing infrastructure and workforce with retailing expertise, enabling us to quickly gain scale in a growing market. We expect to leverage our expertise as a diverse media company to expand distribution and to offer a wider range of products. Acquiring Shop At Home also enables us to provide a video commerce platform to our advertisers.

The following table summarizes, on a pro forma basis, the estimated combined results of operations of Scripps and Shop At Home had the transaction taken place at the beginning of 2002. The pro forma information includes adjustments for interest expense that would have been incurred to finance the acquisition and additional depreciation and amortization of the assets acquired. 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)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Operating revenues	$474,846	$433,907	$920,040	$828,337
Net income	64,733	24,510	117,422	61,718
Net income per share of common stock:				
Basic	$ .81	$ .31	$ 1.47	$ .78
Diluted	.80	.30	1.45	.77

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4. INVESTMENTS

Investments consisted of the following:

(in thousands, except share data)	June 30, 2003	As of December 31, 2002	June 30, 2002
Securities available for sale (at market value):			
AOL Time Warner (2,017,000 common shares)	$ 32,451	$ 26,420	$ 29,667
Other	6,470	4,108	5,034
Total available-for-sale securities	38,921	30,528	34,701
Denver newspaper JOA	182,007	194,347	192,496
FOX Sports Net South and other joint ventures	9,267	8,506	6,422
Summit America preferred stock, at cost plus accrued dividends	3,150	3,000	
Digital Theater Systems (587,000 common shares)	1,000	1,000	1,000
Other equity investments	14,253	16,970	22,629
Total investments	$248,598	$ 254,351	$257,248
Unrealized gains (losses) on securities available for sale	$ 7,087	$ (1,457)	$ 2,686
Note receivable from Summit America, at initial fair value plus accreted discount	$ 44,000	$ 43,250	

Investments available for sale represent securities in publicly traded companies. Investments available for sale are recorded at fair value. Fair value is based upon the closing price of the security on the reporting date.

Our Denver Rocky Mountain News (the "RMN") and MediaNews Group, Inc.'s Denver Post are parties to a joint operating agreement (the "Denver JOA"). The RMN received a 50% interest in the Denver JOA in exchange for the contribution of most of its assets to the Denver JOA and the payment of $60 million to MediaNews. No gain or loss was recognized on the contribution of the assets to the Denver JOA. The Denver JOA recorded the net assets contributed by us and by MediaNews at their historical cost. The difference between the carrying amount of our investment in the Denver JOA and our 50% share of the stockholders' equity of the Denver JOA is accounted for in accordance with the principles of FAS 141—Business Combinations and FAS 142—Goodwill and Other Intangible Assets.

Summarized financial information for the RMN included in our consolidated financial statements is as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
RMN operating revenues	$ 51	$ 79	$ 81	$ 79
Share of Denver JOA earnings for the period	10,310	8,147	16,294	13,402
RMN editorial costs and expenses for the period	(5,634)	(5,375)	(11,079)	(10,503)
RMN contribution to newspaper segment profit (see note 11)	$ 4,727	$ 2,851	$ 5,296	$ 2,978
RMN depreciation and amortization	$ 123	$ 126	$ 242	$ 245
Cash distributions received in the period	$19,500	$12,800	$ 28,500	$ 19,300

The Denver JOA is organized as a limited liability partnership and is treated as a partnership for income tax purposes. Therefore the partners are responsible for income taxes applicable to their share of the taxable income of the Denver JOA. The net income of the Denver JOA presented above does not reflect income taxes that will be incurred by its partners.

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In connection with the acquisition of the controlling interest in Shop At Home, we purchased $3.0 million of Summit America 6.0% redeemable preferred stock. At Summit America's option, dividends are deferred until the mandatory redemption of the preferred stock in 2005. We also loaned Summit America $47.5 million, to be repaid in 2005, at 6% interest. The note was recorded at fair value as of the date of acquisition of Shop At Home. The difference between the face value of the note and the fair value at the date of acquisition is accreted to income over the term of the note. Based upon interest rates for fixed-rate securities with similar terms and credit quality, we estimate the fair value of the note was approximately $46 million at June 30, 2003.

Summit America has the right to require us to purchase the remaining 30% of Shop At Home at any time between November 1, 2004, and October 31, 2007, and we have an option to acquire the remaining 30% of Shop At Home at any time after October 31, 2007, at the then fair value. Upon exercise of either option, Summit America must repay the $47.5 million note and redeem the preferred stock held by us.

We hold 0.6 million common shares of Digital Theater Systems, Inc. ("DTS") with a carrying value of $1.0 million. DTS completed an initial public offering of its common stock in July 2003 at $17 per share. The fair value of our investment in DTS was approximately $12 million on July 31, 2003.

Other equity investments include securities that do not trade in public markets, so they do not have readily determinable fair values. We estimate the fair value of the other securities approximates their carrying value at June 30, 2003, however, many of the investees have had no rounds of equity financing in the past three years. There can be no assurance we would realize the carrying value of these securities upon their sale.

We ceased active management of Scripps Ventures in 2002. Scripps Ventures invested approximately $100 million in development-stage businesses focusing primarily on new media technology, including DTS. Scripps Ventures realized approximately $45 million from the sale of investments. The carrying value of the portfolio was approximately $16 million as of July 31, 2003.

5. GOODWILL

The carrying amount of goodwill by business segment and changes in the carrying amount of goodwill are as follows:

(in thousands)

	Newspapers	Scripps Networks	Broadcast Television	Shop At Home	Licensing and Other	Total
Balance as of December 31, 2001	$780,732	$135,966	$219,367		$ 18	$1,136,083
Acquired during the period		5,235				5,235
Balance as of June 30, 2002	$780,732	$141,201	$219,367		$ 18	$1,141,318
Balance as of December 31, 2002	$780,825	$141,201	$219,367	$29,698	$ 18	$1,171,109
Acquired during the period	2,885					2,885
Balance as of June 30, 2003	$783,710	$141,201	$219,367	$29,698	$ 18	$1,173,994

With the exception of goodwill resulting from the repurchase of minority interests in our newspapers, substantially all acquired goodwill is expected to be deductible for tax purposes.

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6. PROGRAMS AND PROGRAM LICENSES

Programs and program licenses consisted of the following:

(in thousands)	June 30, 2003	As of December 31, 2002	June 30, 2002
Scripps Networks:			
Cost	$645,747	$ 572,917	$549,186
Accumulated amortization	373,998	320,112	318,538
Net book value	271,749	252,805	230,648
Broadcast television:			
Cost	53,307	55,964	50,375
Accumulated amortization	40,409	22,551	37,097
Net book value	12,898	33,413	13,278
Total	$284,647	$ 286,218	$243,926

7. UNAMORTIZED NETWORK DISTRIBUTION INCENTIVES

Unamortized network distribution incentives consisted of the following:

(in thousands)	June 30, 2003	As of December 31, 2002	June 30, 2002
Network launch incentives	$299,642	$ 295,926	$251,331
Accumulated amortization	122,082	107,991	96,729
Net book value	177,560	187,935	154,602
Unbilled affiliate fees	17,668	11,078	7,224
Total network distribution incentives	$195,228	$ 199,013	$161,826

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8. LONG-TERM DEBT

Long-term debt consisted of the following:

(in thousands)	June 30, 2003	As of December 31, 2002	June 30, 2002
Variable-rate credit facilities	$166,337	$ 312,371	$454,829
$100 million, 6.625% notes, due in 2007	99,938	99,930	99,923
$50 million, 3.75% notes, due in 2008	50,000		
$100 million, 4.25% notes, due in 2009	99,382	99,334	
$200 million, 5.75% notes, due in 2012	198,871	198,809	
$100 million, 6.375% notes, due in 2002			99,993
Other notes	12,793	14,528	14,153
Total face value of long-term debt less discounts	627,321	724,972	668,898
Fair market value of interest rate swap	1,686		
Total long-term debt	629,007	724,972	668,898
Current portion of long-term debt		75,171	554,902
Long-term debt (less current portion)	$629,007	$ 649,801	$113,996

We have Competitive Advance and Revolving Credit Facilities (the “Revolver”), and a commercial paper program that collectively permit aggregate borrowings up to $600 million (the “Variable-Rate Credit Facilities”). The Revolver consists of two facilities, one permitting $400 million in aggregate borrowings expiring in August 2003 and the second a $200 million facility expiring in 2007**.** The August 2003 facility is currently in the process of being negotiated. We do not expect any material changes in the terms of the facility. Borrowings under the Revolver are available on a committed revolving credit basis at our choice of three short-term rates or through an auction procedure at the time of each borrowing. The Revolver is primarily used as credit support for our commercial paper program in lieu of direct borrowings under the Revolver. The weighted-average interest rate on the Variable-Rate Credit Facilities was 1.2% at June 30, 2003, 1.4% at December 31, 2002, and 1.8% at June 30, 2002.

We have a U.S. shelf registration statement which allows us to borrow up to an additional $350 million as of June 30, 2003.

We entered into a receive-fixed, pay-floating interest rate swap to achieve a desired proportion of fixed-rate versus variable-rate debt. The interest rate swap expires upon the maturity of the $50 million, 3.75% notes in 2008, and effectively converts those fixed-rate notes into variable-rate borrowings. The variable interest rate was 1.1% at June 30, 2003, which was based on six month LIBOR minus a rate spread. The swap agreement was designated as a fair-value hedge of the underlying fixed-rate notes. Accordingly, changes in the fair value of the interest rate swap agreement (due to movements in the benchmark interest rate) are recorded as adjustments to the carrying value of long-term debt with an offsetting adjustment to other non-current assets. The changes in the fair value of the interest rate swap agreements and the underlying fixed-rate obligation are recorded as equal and offsetting unrealized gains and losses in the Consolidated Statements of Income. We have structured the interest rate swap to be 100% effective. As a result, there is no current impact to earnings resulting from hedge ineffectiveness.

Certain long-term debt agreements contain maintenance covenants for net worth and coverage of interest expense and restrictions on incurrence of additional indebtedness. We were in compliance with all debt covenants at June 30, 2003.

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

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9. OTHER LIABILITIES AND MINORITY INTERESTS

Other liabilities and minority interests consisted of the following:

(in thousands)	June 30, 2003	As of December 31, 2002	June 30, 2002
Program rights payable	$ 47,474	$ 62,114	$ 29,263
Employee compensation and benefits	87,891	100,384	111,078
Network distribution incentives	50,551	66,222	42,938
Minority interests	23,794	20,948	14,828
Deferred gain on sale of WCPO building	7,649	7,649	
Other	17,859	16,280	9,200
Total other liabilities and minority interests	235,218	273,597	207,307
Current portion of other liabilities	102,188	137,229	71,397
Other liabilities and minority interests (less current portion)	$133,030	$ 136,368	$135,910

In the fourth quarter of 2002, we sold our Cincinnati television station production facility to the City of Cincinnati for $7.9 million in cash. Our television station will continue to use the facility until construction of a new production facility is completed in 2004. The gain on the sale of the facility of $7.6 million has been deferred until our station relocates to its new production facility. We will receive an additional $3.0 million in cash if our station relocates prior to June 1, 2004. The additional payments, which we expect to earn, are not included in the deferred gain.

10. SUPPLEMENTAL CASH FLOW INFORMATION

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

(in thousands)	Six months ended June 30, 2003	Six months ended June 30, 2002
Other changes in certain working capital accounts, net:		
Accounts receivable	$(11,750)	$ 1,161
Prepaid and accrued pension expense	(9,406)	5,691
Inventories	(7,009)	390
Accounts payable	5,365	(7,689)
Accrued income taxes	14,562	3,927
Accrued employee compensation and benefits	(9,274)	(4,936)
Accrued interest	(272)	(92)
Other accrued liabilities	3,184	(6,171)
Other, net	(2,425)	2,309
Total	$(17,025)	$(5,410)

11. SEGMENT INFORMATION

We are a diversified media company operating in four reportable business segments: newspaper publishing, cable and satellite television programming services (referred to as "Scripps Networks"), broadcast television and television-retailing ("Shop At Home"). 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.

Newspaper publishing includes 21 daily newspapers in the U.S. Newspapers derive revenue primarily from the sale of advertising space to local and national advertisers and from the sale of the newspapers to readers. Four of our newspapers are partners in JOAs (see Note 1). Each of those newspapers maintain an independent editorial operation and receive a share of the operating profits of the JOA.

Scripps Networks includes four national television networks distributed by cable and satellite television systems: Home & Garden Television ("HGTV"), Food Network, Fine Living and DIY—Do It Yourself Network ("DIY"). Scripps Networks also includes our 12% interest in FOX Sports Net South, a regional television network. As of December 31, 2002, we owned approximately 70% of Food Network and approximately 90% of Fine Living. Scripps Networks derives revenue primarily from the sale of advertising time and from affiliate fees from cable and satellite television systems.

Broadcast television includes ten stations, nine of which are affiliated with national broadcast networks. Broadcast television derives revenue primarily from the sale of advertising time to local and national advertisers.

Shop At Home markets a range of consumer goods to television viewers and through its Internet site. Shop At Home programming is distributed under the terms of affiliation agreements with broadcast television stations and cable and satellite television systems. Substantially all of Shop At Home's revenues are derived from the sale of merchandise.

Licensing and other media aggregates operating segments that are too small to report separately, and primarily includes syndication and licensing of news features and comics.

Corporate represents our corporate office. Certain corporate costs and expenses, including information technology, pensions and other employee benefits, and other shared services, are allocated to our business segments. The allocations are generally amounts agreed upon by management, which may differ from amounts that would be incurred if such services were purchased separately by the business segment. Corporate assets are primarily cash, cash equivalent and other short-term investments, property and equipment primarily used for corporate purposes, and deferred income taxes.

The accounting policies of each of our business segments are those described in Note 1.

Segment profit is a key metric used by our chief operating decision maker (as defined by FAS 131 – Segment Reporting) to assess the operating performance of our business segments and to make decisions about the allocation of resources to our business segments. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring charges, investment results and certain other items.

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

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Information regarding our business segments follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Segment operating revenues:				
Newspapers	$172,895	$170,274	$345,492	$339,210
Scripps Networks	141,923	110,967	258,493	199,668
Broadcast television	78,870	75,721	149,043	141,242
Shop At Home	56,638		114,955	
Licensing and other media	24,520	23,473	52,057	45,000
Total operating revenues	$474,846	$380,435	$920,040	$725,120
Segment profit (loss):				
Newspapers	$ 67,490	$ 70,620	$130,873	$134,333
Scripps Networks	55,944	32,976	97,544	52,850
Broadcast television	24,522	24,810	40,128	40,777
Shop At Home	(5,607)		(11,540)	
Licensing and other media	4,617	4,657	8,488	8,744
Corporate	(7,116)	(7,698)	(15,262)	(15,040)
Total segment profit	139,850	125,365	250,231	221,664
Depreciation	(15,945)	(14,458)	(30,764)	(27,317)
Amortization of intangible assets	(1,171)	(970)	(2,328)	(1,994)
Interest expense	(7,832)	(6,629)	(15,835)	(13,221)
Investment results, net of expenses	(3,200)	(65,551)	(3,200)	(73,939)
Miscellaneous, net	1,044	(764)	2,685	(618)
Income before income taxes and minority interests	$112,746	$ 36,993	$200,789	$104,575
Depreciation:				
Newspapers	$ 6,180	$ 6,708	$ 12,072	$ 12,719
Scripps Networks	2,482	2,384	4,944	4,288
Broadcast television	5,029	4,889	9,679	9,417
Shop At Home	1,536		2,645	
Licensing and other media	165	193	323	384
Corporate	553	284	1,101	509
Total depreciation	$ 15,945	$ 14,458	$ 30,764	$ 27,317
Amortization of intangible assets:				
Newspapers	$ 173	$ 169	$ 344	$ 337
Scripps Networks	588	769	1,173	1,594
Broadcast television	32	32	63	63
Shop At Home	378		748	
Total amortization of intangible assets	$ 1,171	$ 970	$ 2,328	$ 1,994

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(in thousands)	Three months ended June 30,		Six months ended June 30, 2002	
	2003	2002	2003	2002
Additions to property, plant and equipment:				
Newspapers	$ 6,953	$ 8,917	$ 22,137	$ 20,260
Scripps Networks	2,011	4,144	2,400	5,918
Broadcast television	7,815	1,901	11,941	8,008
Shop At Home	392		1,713	
Licensing and other media	74	38	161	82
Corporate	628	385	1,196	2,495
Total additions to property, plant and equipment	$17,873	$15,385	$ 39,548	$ 36,763
Business acquisitions and other additions to long-lived assets:				
Newspapers	$ 40	$ 40	$ 3,584	$ 64
Scripps Networks	197	27,286	3,451	50,232
Broadcast television	918		918	20
Other investments	23	2,002	534	6,071
Total	$ 1,178	$29,328	$ 8,487	$ 56,387
Assets:				
Newspapers			$1,276,747	$1,269,005
Scripps Networks			822,009	705,732
Broadcast television			487,334	478,916
Shop At Home			154,919	
Licensing and other media			27,200	23,047
Venture capital and other investments			54,173	58,792
Corporate			77,982	78,201
Total assets			$2,900,364	$2,613,693

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

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12. STOCK COMPENSATION PLANS

The following table presents information about stock options:

	Number of Shares	Weighted Average Exercise Price	Range of Exercise Prices
Options outstanding at December 31, 2001	4,531,538	$44.95	$15 - 70
Options granted during the period	1,083,650	75.26	75 - 78
Options exercised during the period	(719,838)	29.49	15 - 67
Options outstanding at June 30, 2002	4,895,350	$53.93	$15 - 78
Options outstanding at December 31, 2002	4,840,034	$54.39	$16 - 78
Options granted during the period	1,099,100	80.05	80 - 85
Options exercised during the period	(524,794)	40.06	16 - 76
Options outstanding at June 30, 2003	5,414,340	$60.99	$16 - 85

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

	Options Outstanding			Options Exercisable		
Year of Grant	Options on Shares Outstanding	Range of Exercise Prices	Weighted Average Price	Options on Shares Exercisable	Range of Exercise Prices	Weighted Average Price
1993—expire in 2003	30,400	$ 16	$16.35	30,400	$ 16	$16.35
1994—expire in 2004	143,300	18 - 21	18.95	143,300	18 - 21	18.95
1995—expire in 2005	9,800	20	20.01	9,800	20	20.01
1996—expire in 2006	69,000	26 - 27	26.98	69,000	26 - 27	26.98
1997—expire in 2007	308,950	35 - 42	35.10	308,950	35 - 42	35.10
1998—expire in 2008	399,750	39 - 56	47.32	399,750	39 - 56	47.32
1999—expire in 2009	505,329	42 - 52	47.14	505,329	42 - 52	47.14
2000—expire in 2010	788,933	43 - 60	49.38	761,601	43 - 60	49.25
2001—expire in 2011	967,330	58 - 70	64.23	805,767	58 - 70	64.22
2002—expire in 2012	1,092,448	73 - 78	75.31	513,100	75 - 76	75.26
2003—expire in 2013	1,099,100	80 - 85	80.05			
Total options on number of shares	5,414,340		$60.99	3,546,997		$52.64

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

		Price at Award Dates	
	Number of Shares	Weighted Average	Range of Prices
Unvested shares at December 31, 2001	422,881	$54.55	$42 - 71
Shares awarded during the period	4,500	75.55	75 - 77
Shares vested during the period	(113,615)	61.97	42 - 84
Shares forfeited during the period	(200)	47.25	47 - 47
Unvested shares at June 30, 2002	313,566	$54.24	$ 43 -77
Unvested shares at December 31, 2002	328,376	$55.77	$43 - 77
Shares awarded during the period	161,819	78.92	79 - 81
Shares vested during the period	(135,664)	49.84	43 - 77
Shares forfeited during the period	(1,700)	50.67	50 - 57
Unvested shares at June 30, 2003	352,831	$69.12	$44 - 81

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

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

FORWARD-LOOKING STATEMENTS

This discussion and the information contained in the notes to the consolidated financial statements contain certain forward-looking statements that are based on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers' taste; newsprint prices; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words "believe," "expect," "anticipate," "estimate," "intend" and similar expressions identify forward-looking statements. All forward-looking statements, which are as of the date of this filing, should be evaluated with the understanding of their inherent uncertainty.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Note 1 to the Consolidated Financial Statements included in our Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. We believe the following to be the most critical accounting policies, estimates and assumptions affecting our reported amounts and related disclosures.

Revenue Recognition

Advertising. Advertising revenue is recorded, net of agency commissions, when advertisements are published in newspapers or are broadcast on television stations or national television networks. Advertising on our Internet sites is recognized over the period in which the advertising will appear.

Advertising contracts, which generally have a term of one year or less, may provide discounts based upon the volume of advertising purchased during the terms of the contracts. This requires us to make certain estimates regarding future advertising volumes. We base our estimates on various factors including our historical experience and advertising sales trends. Estimated rebates are recorded as a reduction of revenue in the period the advertisement is displayed and are revised as necessary based on actual volume realized.

Broadcast and national television network advertising contracts may guarantee the advertiser a minimum audience, requiring us to make estimates of audience size that will be delivered throughout the terms of the contracts. We base our estimate of audience size on information provided by ratings services and our historical experience. If we determine we will not deliver the guaranteed audience, an accrual for "make-good" advertisements is recorded as a reduction of revenue. The estimated make-good accrual is adjusted throughout the terms of the advertising contracts.

Newspaper Subscriptions. Circulation revenue for newspapers sold directly to subscribers is based upon the retail rate. Prepaid newspaper subscriptions are deferred and are included in circulation revenue on a pro-rata basis over the term of the subscriptions. Circulation revenue for newspapers sold to independent newspaper distributors, which are subject to returns, is based upon the wholesale rate. Newspaper circulation revenue is recognized upon publication of the newspaper, net of estimated returns. Estimated returns are based on historical return rates and are adjusted based on actual returns realized.

Network Affiliate Fees. Cable and satellite television systems generally pay a per-subscriber fee for the right to distribute our programming under the terms of long-term distribution contracts. We may make cash payments to cable and satellite television systems and may provide an initial period in which payment of affiliate fees by the systems is waived in exchange for such long-term distribution contracts. Network affiliate fee revenues are reported net of such incentives. Incentive payments are recorded as assets upon launch of our programming on the cable or satellite television system. The costs of incentives are recognized over the terms of the contracts based upon the ratio of each period's revenue to expected total revenue over the terms of the contracts.

Merchandise Sales. Revenue from the sale of merchandise is recognized when the products are delivered to the customer. We allow customers to return merchandise for full credit or refund within 30 days from the date of receipt. Revenue is reported net of estimated returns, which are based upon our historical experience. Actual levels of merchandise returned may vary from these estimates.

Programs and Program Licenses—Programming assets include licensed programs and programs produced by us or on a contract basis for us. These costs are expensed over the estimated useful life of the programming based upon estimated future cash flows. Estimated future cash flows can change based upon market acceptance, advertising and network affiliate fee rates, the number of cable and satellite television subscribers receiving our networks and program usage. Accordingly, revenue estimates and planned usage are reviewed periodically and are revised if necessary. Such revisions may affect the amount of amortization recorded in a given year, the life over which the programs are amortized, or both. If actual demand or market conditions are less favorable than projected, programming asset write-downs may be required. Programming asset write-downs are determined using a day-part methodology, whereby programs broadcast during a particular time period (such as prime time) are evaluated on an aggregate basis.

Long-lived Assets—Judgment is applied in determining the estimated useful life of long-lived assets, specifically property, plant and equipment and certain intangible assets with a finite life. We base our judgment of estimated lives on the length of time we have employed similar assets and upon expert opinions.

Certain events or changes in circumstances may indicate that the carrying value of our property, plant and equipment, intangible assets, and goodwill may not be recoverable and may require an impairment review. In assessing impairment, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. Based on that review, if the carrying value of these assets exceeds fair value and is determined not to be recoverable, an impairment loss representing the amount of excess over its fair value would be recognized in income.

In accordance with FAS 142 we review goodwill for impairment based upon groupings of businesses, referred to as reporting units. Reporting units are operating segments or groupings of businesses one level below the operating segment level. Scripps Networks and Shop At Home comprise separate reporting units. Our newspaper and broadcast television reporting units are based upon the size of the newspaper markets as determined by the daily circulation of our newspapers and the network affiliation of our broadcast television stations.

Investments—We hold investments in several companies, including publicly traded securities and other securities that have no active market. Future adverse changes in market conditions, poor operating results, or the inability of certain development-stage companies to find additional financing could result in losses that may not be reflected in an investment's current carrying value, thereby requiring an impairment charge in the future. We regularly review our investments to determine if there has been an other-than-temporary decline in market value. In making that determination, we consider the extent to which cost exceeds market value, the duration of the market decline, earnings and cash forecasts, and current cash position, among other factors.

Employee Benefits—We are self-insured for employee-related health and disability benefits and workers' compensation claims. A third-party administrator is used to process all claims. Estimated liabilities for unpaid claims are based on our historical claims experience and are developed from actuarial valuations. However, actual amounts could vary significantly from such estimates, which would require adjustments to expense in that period.

We rely upon actuarial valuations to determine pension costs. Inherent in these valuations are assumptions of discount rates and the expected return on plan assets. The discount rate used to determine our future pension obligations is based upon market rates for long-term bonds. Our return on plan assets assumption is based upon expected returns for broad equity and bond indices, our asset allocation and the historical returns we have earned on those asset classes. A change of 0.5% in our discount rate of 6.5%, or in our assumed rate of return on plan assets of 8.25%, would not materially affect 2003 pension expense. Future pension expense will depend on future investment performance, changes in discount rates and other factors related to the employee population participating in our pension plans.

Income Taxes—Accounting for income taxes is sensitive to interpretation of various laws and regulations. The Internal Revenue Service is currently examining our 1996 to 2001 consolidated federal income tax returns. We review our provision for open tax years on an ongoing basis.

We record a tax valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets subject to a valuation allowance primarily relate to state net operating loss carryforwards and capital loss carryforwards. We consider ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. In the event we determine the deferred tax asset we would realize would be greater or less than the net amount recorded, an adjustment would be made to the tax provision in that period.

RESULTS OF OPERATIONS

Consolidated Results of Operations—Net income was $64.7 million, $.80 per share, in the second quarter of 2003 compared to $27.0 million, $.33 per share, in the second quarter of 2002. Second quarter 2003 net income was reduced by investment write-downs of $2.1 million, $.03 per share. Second quarter 2002 net income was reduced by $42.6 million, $.53 per share, for net investment results. A change in the estimated liability for open tax years increased second quarter 2002 net income by $8.0 million, $.10 per share.

Year-to-date 2003 net income was $117.4 million, $1.45 per share, compared to $66.8 million, $.83 per share in 2002. Investment write-downs reduced 2003 net income by $2.1 million, $.03 per share. Net income in 2002 was reduced by $48.0 million, $.60 per share, for net investment results and was increased by $8.0 million, $.10 per share, for the change in the estimated liability for open tax years.

In addition to net investment results and the change in the estimated liability for open tax years, our operating results were driven by the performance of our business segments. See page F-25 for a summary of our business segment revenues and business segment profitability. The strong performance of Scripps Networks, our fastest growing business segment, was partially offset by declines at our newspaper business segment and our broadcast television business segment as well as losses incurred at our Shop At Home business segment, which we acquired in the fourth quarter of 2002.

Corporate expense includes $2.1 million in pension expense for the first half of 2003 compared to $0.8 million in the first six months of 2002. Pension expense increased primarily due to lower expected returns on plan assets and lower discount rates. Corporate expense in 2002 was affected by the vesting of certain performance based restricted stock awards. Certain restricted stock awards issued in 2001 are earned based upon the market price of our Class A Common Shares. The expense related to these awards is recorded when the shares are earned. In the first quarter of 2002, 20,000 shares were earned. An additional 20,000 shares were earned in April 2002. The remaining 20,000 shares under the award were earned in July 2003. Third quarter corporate expense will include a charge of approximately $1.7 million for the value of the shares earned.

The operating performance of our business segments is more fully discussed on the following pages.

Depreciation and amortization increased $1.7 million, to $17.1 million in the second quarter of 2003 and $3.8 million to $33.1 million year-to-date. The increase primarily reflects additional depreciation and amortization resulting from the acquisition of Shop At Home.

Interest expense increased $1.2 million in the second quarter and $2.6 million year-to-date primarily due to our decision to replace $200 million of borrowings under our variable-rate credit facilities with fixed-rate notes in order to achieve a desired proportion of fixed-rate versus variable-rate debt. Average fixed-rate borrowings in the second quarter and year-to-date periods were $400 million in 2003 and $200 million in 2002. The weighted-average effective interest rate on fixed-rate notes in the second quarter and year-to-date periods was 5.8% in 2003 and 6.7% in 2002. Average variable-rate borrowings, including the $50 million notes converted to variable-rate borrowings under the provisions of our interest rate swap, were $242 million in the second quarter of 2003 and $459 million in the second quarter of 2002. Average variable-rate borrowings for the year-to-date periods were $266 million in 2003 and $472 million in 2002. The weighted-average effective interest rate on the variable-rate borrowings in the second quarter was 1.2% in 2003 and 1.8% in 2002. For the year-to-date periods the weighted-average effective interest rate on the variable-rate borrowings was 1.3% in 2003 and 1.8 % in 2002. We are currently borrowing under our variable-rate credit facilities at an effective 90-day yield of 1.1%.

Net investment results include (i) net realized gains and losses and (ii) accrued performance-based compensation and other expenses associated with the management of Scripps Ventures Funds I and II ("Scripps Ventures"). Net investment results in the 2003 second quarter include a pre-tax charge of $3.2 million for write-downs associated with declines in value of certain investments in development-stage businesses. Net investment results in the 2002 second quarter were a pre-tax charge of $65.6 million. Included in 2002 second quarter net investment results were $26.7 million of write-downs associated with declines in value of the Scripps Ventures investment portfolios and other investments in development-stage businesses and a $35.1 million write-down of our investment in AOL Time Warner. Also included in 2002 second quarter net investment results were $3.6 million of costs associated with winding down active management of Scripps Ventures.

Year-to-date net investment results in 2002 were a pre-tax charge of $73.9 million, including investment write-downs of approximately $69.0 million.

Our effective income tax rate in 2003 was 40.6% in the second quarter and 40.3% year-to-date. The effective income tax rate in 2002 was 24.6% in the second quarter and 34.4% year-to-date. We reached an agreement with the Internal Revenue Service to settle the audits of our 1992 through 1995 consolidated federal income tax returns in the second quarter of 2002. As a result, we reduced our estimated liability for open tax years by $8.0 million in the second quarter of 2002.

Minority interest increased in the second quarter and year-to-date periods of 2003 primarily due to the operating performance of Food Network. We own an approximate 70% interest in Food Network and Tribune Company ("Tribune") owns the other 30%. Prior to the fourth quarter of 2002 minority interest did not include a charge for Tribune's share of the net income of Food Network as cumulative losses exceeded the basis of their investment in Food Network.

Under the terms of the Food Network partnership agreement, we receive approximately 87% of Food Network profits until all capital contributions are returned. Approximately $22 million of profits remain to be allocated in proportion to capital contributions before profits are allocated in proportion to ownership interests. We expect profits will begin to be allocated in proportion to ownership interests in the fourth quarter of 2003.

In the second quarter of 2003, operating losses of Shop At Home reduced Summit America's basis in Shop At Home to zero. Accordingly, minority interest no longer includes a credit for Summit America's share of Shop At Home losses.

Business Segment Results—We are a diversified media company operating in four reportable business segments. Newspaper publishing includes 21 daily newspapers in the U.S. Scripps Networks includes four national television networks distributed by cable and satellite television systems: Home & Garden Television ("HGTV"), Food Network, Fine Living and DIY - Do It Yourself Network ("DIY"). Scripps Networks also includes our 12% interest in FOX Sports Net South, a regional television network. Broadcast television includes ten stations, nine of which are affiliated with national broadcast networks. Shop At Home markets a range of consumer goods to television viewers and through its Internet site. Shop At Home programming is distributed by broadcast television stations and by cable and satellite television systems. Licensing and other media aggregates operating segments that are too small to report separately, and primarily includes syndication and licensing of news features and comics.

As discussed in Note 11 to the Consolidated Financial Statements the performance measure ("Segment Profit") used by our chief operating decision maker (as defined by FAS 131—Segment Reporting "FAS 131") to assess the operating performance of our business segments and to make decisions about the allocation of resources to our business segments excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring charges, investment results and certain other items.

Items excluded from Segment Profit generally result from prior decisions or from decisions made by corporate executives rather than by the managers of the business segments. Depreciation and amortization charges are the result of past decisions regarding the allocation of resources and are therefore excluded from the measure. Financing, tax structure and divestiture decisions are generally made by corporate executives. Excluding these items from our business segment performance measure enables our chief operating decision maker to evaluate business segment operating performance for the current period based upon current economic conditions and decisions made by the managers of those business segments in the current period.

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

A reconciliation of our share of earnings in JOAs and other joint ventures included in our business segment operating results to our Consolidated Statements of Income is as follows:

(in thousands)

	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Newspapers:						
Equity in earnings of JOAs	$20,201	4.2%	$19,378	$35,842	4.4%	$34,334
Scripps Networks:						
Equity in earnings of joint ventures	2,310	105.3%	1,125	4,222	119.3%	1,925
Total equity in earnings of JOAs and other joint ventures	$22,511	9.8%	$20,503	$40,064	10.5%	$36,259

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

(in thousands)

	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Segment operating revenues:						
Newspapers managed solely by us	$172,828	1.6 %	$170,188	$345,374	1.8 %	$339,112
Joint operating agencies	67	(22.1)%	86	118	20.4 %	98
Total newspapers	172,895	1.5 %	170,274	345,492	1.9 %	339,210
Scripps Networks	141,923	27.9 %	110,967	258,493	29.5 %	199,668
Broadcast television	78,870	4.2 %	75,721	149,043	5.5 %	141,242
Shop At Home	56,638			114,955		
Licensing and other media	24,520	4.5 %	23,473	52,057	15.7 %	45,000
Total operating revenues	$474,846	24.8 %	$380,435	920,040	26.9 %	$725,120
Segment profit (loss):						
Newspapers managed solely by us	$ 56,518	(6.0)%	$ 60,153	$113,294	(3.6)%	$117,523
Joint operating agencies	10,972	4.8 %	10,467	17,579	4.6 %	16,810
Total newspapers	67,490	(4.4)%	70,620	130,873	(2.6)%	134,333
Scripps Networks	55,944	69.7 %	32,976	97,544	84.6 %	52,850
Broadcast television	24,522	(1.2)%	24,810	40,128	(1.6)%	40,777
Shop At Home	(5,607)			(11,540)		
Licensing and other media	4,617	(0.9)%	4,657	8,488	(2.9)%	8,744
Corporate	(7,116)	7.6 %	(7,698)	(15,262)	(1.5)%	(15,040)
Total segment profit	139,850	11.6 %	125,365	250,231	12.9 %	221,664
Depreciation and amortization of intangibles	(17,116)	(10.9)%	(15,428)	(33,092)	(12.9)%	(29,311)
Interest expense	(7,832)	(18.1)%	(6,629)	(15,835)	(19.8)%	(13,221)
Investment results, net of expenses	(3,200)		(65,551)	(3,200)		(73,939)
Miscellaneous, net	1,044		(764)	2,685		(618)
Income before income taxes and minority interests	$112,746		$ 36,993	$200,789		$104,575

Certain items required to reconcile segment profitability to consolidated results of operations determined in accordance with accounting principles generally accepted in the United States of America are attributed to particular business segments. Significant reconciling items attributable to each business segment are as follows:

(in thousands)

	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Depreciation and amortization:						
Newspapers managed solely by us	$ 5,965	(7.3)%	$ 6,437	$11,641	(6.6)%	$12,465
Joint operating agencies	388	(11.8)%	440	775	31.1 %	591
Total newspapers	6,353	(7.6)%	6,877	12,416	(4.9)%	13,056
Scripps Networks	3,070	(2.6)%	3,153	6,117	4.0 %	5,882
Broadcast television	5,061	2.8 %	4,921	9,742	2.8 %	9,480
Shop At Home	1,914			3,393		
Licensing and other media	165	(14.5)%	193	323	(15.9)%	384
Corporate	553	94.7 %	284	1,101	116.3 %	509
Total depreciation and amortization	$17,116	10.9 %	$15,428	$33,092	12.9 %	$29,311
Miscellaneous, net:						
Shop At Home—interest and dividends from Summit America	$ 1,132			$ 2,325		
Other	(88)		$ (764)	360		$ (618)
Total miscellaneous, net	$ 1,044		$ (764)	$ 2,685		$ (618)

Discussions of the operating performance of each of our reportable business segments may be found on the following pages.

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

(in thousands)	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Newspapers managed solely by us						
Segment operating revenues:						
Local	$ 40,948	(3.8)%	$ 42,564	$ 83,439	(2.7)%	$ 85,747
Classified	54,196	0.4%	53,985	107,431	0.7%	106,729
National	10,003	20.4%	8,310	18,798	15.6%	16,264
Preprint and other	30,783	9.7%	28,055	59,939	10.1%	54,433
Newspaper advertising	135,930	2.3%	132,914	269,607	2.4%	263,173
Circulation	33,694	(2.0)%	34,396	69,256	(0.8)%	69,819
Other	3,204	11.3%	2,878	6,511	6.4%	6,120
Total operating revenues	172,828	1.6%	170,188	345,374	1.8%	339,112
Segment costs and expenses:						
Employee compensation and benefits	63,322	5.7%	59,884	125,894	5.3%	119,579
Newsprint and ink	17,860	10.2%	16,210	35,874	5.1%	34,119
Other segment costs and expenses	35,128	3.5%	33,941	70,312	3.6%	67,891
Total segment costs and expenses	116,310	5.7%	110,035	232,080	4.7%	221,589
Contribution to segment profit	$ 56,518	(6.0)%	$ 60,153	$113,294	(3.6)%	$117,523
Contribution to segment profit as a percent of operating revenues	32.7%		35.3%	32.8%		34.7%
Supplemental Information:						
Depreciation and amortization	$ 5,965		$ 6,437	$ 11,641		$ 12,465
Capital expenditures	6,953		8,917	22,137		20,260
Business acquisitions and other additions to long-lived assets	40		40	3,584		64

Newspaper advertising revenues increased in 2003 primarily due to increases in national advertising, preprint advertising and advertising on our Internet sites. Increases in real estate and automotive advertising offset declines in help wanted classified advertising. We expect newspaper advertising revenue to increase between 2% and 4% year-over-year in the second half of 2003.

Higher pension costs contributed to the increase in employee compensation and benefits. Pension expense was $5.6 million in the first half of 2003 and $3.8 million in the first half of 2002. Pension expense increased primarily due to lower expected returns on plan assets and lower discount rates.

Newsprint and ink costs increased in the second quarter and year-to-date periods primarily due to the newsprint prices increasing 10% in the second quarter. We expect newsprint costs to increase 8% to 10% year-over-year in the second half of 2003.

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

(in thousands)	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Joint operating agencies						
Equity in earnings of JOAs:						
Denver	$10,310	26.5%	$ 8,147	$16,294	21.6%	$13,402
Other	9,891	(11.9)%	11,231	19,548	(6.6)%	20,932
Total equity in earnings of JOAs	20,201	4.2%	19,378	35,842	4.4%	34,334
Operating revenues	67	(22.1)%	86	118	20.4%	98
Total	20,268	4.1%	19,464	35,960	4.4%	34,432
JOA editorial costs and expenses:						
Denver	5,634	4.8%	5,374	11,079	5.5%	10,503
Other	3,662	1.1%	3,623	7,302	2.6%	7,119
Total JOA editorial costs and expenses	9,296	3.3%	8,997	18,381	4.3%	17,622
JOA contribution to segment profit:						
Denver	4,727	65.8%	2,851	5,296	77.8%	2,978
Other	6,245	(18.0)%	7,616	12,283	(11.2)%	13,832
Total JOA contribution to segment profit	$10,972	4.8%	$10,467	$17,579	4.6%	$16,810
Supplemental Information:						
Depreciation and amortization	$ 388		$ 440	$ 775		$ 591

We are a partner in joint operating agencies (“JOAs”) in four of our newspaper markets. As permitted by the Newspaper Preservation Act of 1970, a JOA provides a limited exemption from anti-trust laws, permitting competing newspapers in a market to combine all but their editorial operations in order to reduce aggregate expenses and take advantage of economies of scale, thereby allowing the continuing operation of both newspapers in that market. The JOA sells advertising and subscriptions for both newspapers in the market, and produces, distributes and markets both newspapers. The operating profits earned by the JOA are distributed to the JOA partners in accordance with the joint operating agreement. Each JOA partner independently maintains editorial operations for its newspaper.

The JOA between our Denver Rocky Mountain News and MediaNews Group, Inc.’s (“MediaNews”) Denver Post (the “Denver JOA”) is jointly managed by each of the partners. We do not share management responsibilities for each of our three other JOAs. We receive a 50% share of the operating profits of the Denver JOA, and between 20% and 40% of the operating profits in the other three markets.

We include our share of JOA operating profits in “Equity in earnings of JOAs and other joint ventures” in our consolidated statements of income. The related editorial costs and expenses are included in “Total costs and expenses.”

Our share of earnings from the joint newspaper operations in Denver improved during the quarter and year-to-date periods compared to the same periods last year despite ongoing weakness in the local economy. The improvement can be attributed to continued cost containment at the Denver JOA. We expect our share of earnings of the Denver JOA for the full year of 2003 will increase by approximately $4 million compared to the full year of 2002.

Declines in our share of earnings in our other JOAs reflect the weakness in the economy and the soft newspaper advertising market.

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Scripps Networks—Operating results for Scripps Networks were as follows:

(in thousands)	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Segment operating revenues:						
Advertising	$116,771	31.0%	$ 89,116	$209,929	32.4%	$158,542
Network affiliate fees, net	23,336	14.7%	20,348	45,557	18.3%	38,508
Other	1,816	20.8%	1,503	3,007	14.9%	2,618
Total segment operating revenues	141,923	27.9%	110,967	258,493	29.5%	199,668
Segment costs and expenses:						
Employee compensation and benefits	21,476	12.1%	19,164	41,095	12.0%	36,705
Amortization of programs and program licenses	31,936	10.4%	28,918	61,430	10.9%	55,416
Other segment costs and expenses	34,877	12.4%	31,034	62,646	10.6%	56,622
Total segment costs and expenses	88,289	11.6%	79,116	165,171	11.0%	148,743
Segment profit before joint ventures	53,634	68.4%	31,851	93,322	83.3%	50,925
Equity in income of joint ventures	2,310	105.3%	1,125	4,222	119.3%	1,925
Segment profit	$ 55,944	69.7%	$ 32,976	$ 97,544	84.6%	$ 52,850
Segment profit before joint ventures, as a percent of segment operating revenues	37.8%		28.7%	36.1%		25.5%
Supplemental Information:						
Billed network affiliate fees	$ 26,127	15.2%	$ 22,687	$ 51,182	13.2%	$ 45,216
Network launch incentive payments	4,203		41,664	19,938		71,841
Payments for programming less (greater) than program cost amortization	(5,758)		(3,827)	(14,688)		(13,825)
Depreciation and amortization	3,070		3,153	6,117		5,882
Capital expenditures	2,011		4,144	2,400		5,918
Business acquisitions and investments						5,240
Amounts recorded on the balance sheet (as of June 30th):						
Program assets				271,749		230,648
Unamortized network distribution incentives				195,210		161,826
Launch incentive payments due to cable and satellite television systems for launches through the end of the period				50,551		42,938

We launched HGTV in 1994. Food Network launched in 1993, and we acquired controlling interest in 1997. We launched DIY in the fourth quarter of 1999 and Fine Living in the first quarter of 2002. Programming from our networks can be viewed on demand (video-on-demand, "VOD") on cable television systems in about 63 markets across the United States.

According to the Nielsen Homevideo Index ("Nielsen") approximately 87 million homes in the United States receive cable or satellite television. According to Nielsen, HGTV was available in approximately 81.0 million homes in June 2003, up 2.4 million from June 2002. Food Network was available in approximately 79.1 million homes in June 2003, up 3.8 million from June 2002. In June 2003, we estimate Fine Living was available in approximately 17 million homes and DIY was available in approximately 19 million homes.

Increased viewership of our networks led to increased demand for advertising time and higher advertising rates. Advertising revenues are expected to increase approximately 20% to 30% year-over-year in the second half of 2003.

The increase in network affiliate fees reflects the wider distribution of the networks, as well as both scheduled rate increases and rate increases resulting from the renewal of distribution agreements. Network affiliate fees are expected to increase approximately 15% to 20% year-over-year in the second half of 2003.

Employee compensation and benefits increased primarily due to additional hiring to support the launch and development of Fine Living and DIY and due to increased pension costs. Pension expense was $1.3 million in the first half of 2003 and $0.8 million in the first half of 2002. Pension expense increased primarily due to lower expected returns on plan assets and lower discount rates.

Amortization of programs and program licenses increased due to the improved quality and variety of programming and expanded hours of original programming on our networks. Programming expenses are expected to increase 30% year-over-year in the second half of 2003. We own the rights to substantially all of the programming we produce and expect to telecast the programs over several years.

Continued marketing and promotion efforts to gain distribution and to increase the viewership of our networks led to the increase in other costs and expenses. Other costs and expenses are expected to increase approximately 20% year-over-year in the second half of 2003.

Losses incurred at our developing programming services (DIY, Fine Living and VOD) reduced second quarter segment profit by $9.8 million in 2003 and by $9.6 million in 2002. Year-to-date segment profit was reduced by $21.3 million in 2003 and by $22.0 million in 2002. For the full year, losses incurred from these developing programming services are expected to reduce segment profit by $40 million to $45 million.

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Broadcast Television—Operating results for broadcast television were as follows:

(in thousands)	Quarterly Period			Year-to-Date		
	2003	Change	2002	2003	Change	2002
Segment operating revenues:						
Local	$47,997	6.9%	$44,900	$ 91,446	7.5%	$ 85,100
National	25,976	(1.5)%	26,365	48,497	1.7%	47,702
Political	847	20.1%	705	1,008	2.5%	983
Network compensation	2,158	9.7%	1,968	4,540	16.1%	3,909
Other	1,892	6.1%	1,783	3,552	0.1%	3,548
Total segment operating revenues	78,870	4.2%	75,721	149,043	5.5%	141,242
Segment costs and expenses:						
Employee compensation and benefits	28,960	6.9%	27,101	58,134	7.5%	54,063
Amortization of programs and program licenses	11,155	11.0%	10,046	21,887	7.2%	20,416
Other segment costs and expenses	14,233	3.4%	13,764	28,894	11.2%	25,986
Total segment costs and expenses	54,348	6.8%	50,911	108,915	8.4%	100,465
Segment profit	$24,522	(1.2)%	$24,810	$ 40,128	(1.6)%	$ 40,777
Segment profit as a percent of segment operating revenues	31.1%		32.8%	26.9%		28.9%
Supplemental Information:						
Payments for programming less (greater) than program cost amortization	$ 1,522		$ 939	$ 889		$ 186
Depreciation and amortization	5,061		4,921	9,742		9,480
Capital expenditures	7,815		1,901	11,941		8,008
Business acquisitions and other additions to long-lived assets	918			918		20

Broadcast television revenue increased in the quarter and year-to-date period due to increases in local broadcast television advertising. Based upon advance sales, we expect local and national advertising revenues will increase between 8% and 10% year over-year in the second half of 2003. However, due to the significant political revenues earned in 2002, we expect total television advertising revenue will be slightly less than in 2002. Political advertising was $23 million in the second half of 2002.

In 2001, we renegotiated and extended our network affiliation agreements with NBC, which were originally scheduled to expire in 2004. Network compensation was sharply reduced under the new agreements, which expire in 2010. Our six ABC affiliation agreements expire in 2004 through 2006. Our ABC affiliates recognized $4.4 million of network compensation revenue in the first six months of 2003 and $3.8 million in the first six months of 2002. We are unable to predict the amount of network compensation we may receive upon renewal of these agreements.

Segment profit growth was held back by the war in Iraq. The combined effect of reduced advertising revenue and increased news coverage costs reduced segment profits by approximately $2 million year-to-date.

Higher pension costs contributed to the increase in employee compensation and benefits. Pension expense was $2.6 million in the first half of 2003 and $1.4 million in the first half of 2002. Pension expense increased primarily due to lower expected returns on plan assets and lower discount rates.

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Shop At Home—Operating results for Shop At Home were as follows:

(in thousands)	Quarterly Period 2003	Year-to-Date 2003
Segment operating revenues:		
Retail merchandise	$ 56,303	$114,287
Other	335	668
Total segment operating revenues	56,638	114,955
Segment costs and expenses:		
Cost of merchandise sold	36,947	75,803
Network distribution	15,862	31,343
Employee compensation and benefits	5,433	10,904
Other segment costs and expenses	4,003	8,445
Total segment costs and expenses	62,245	126,495
Segment profit (loss)	$ (5,607)	$ (11,540)
Supplemental Information:		
Interest and dividend income from Summit America	$ 1,132	$ 2,325
Depreciation and amortization	1,914	3,393
Capital expenditures	392	1,713

Operating results for Shop At Home are included in our results of operations from the October 31, 2002 acquisition of the television-retailing network.

Shop At Home programming reached an average full-time equivalent of 48.5 million homes in the second quarter of 2003, up from 40.3 million homes in the second quarter of 2002. Year-to-date, Shop At Home programming reached an average full-time equivalent of 47.2 million homes, up from 38.6 million homes in 2002. Assuming we had owned Shop At Home in the first half of 2002 operating revenues increased 5.9% in the second quarter and 11% year-to-date. Despite solid gains in household distribution and revenue, operating results have been negatively affected by weakness in the general economy since the beginning of the war in Iraq.

We continue to adjust Shop At Home's merchandising strategy to be more closely aligned to those consumer categories targeted by Scripps Networks.

Pre-tax segment losses incurred by Shop At Home totaled $5.6 million, reducing net income by $.05 per share in the second quarter of 2003 and $11.5 million and $.08 per share year-to-date. For the full year of 2003, we expect Shop At Home to reduce net income by approximately $.15 per share.

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LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is our cash flow from operating activities. Advertising has historically provided 70% to 75% of total operating revenues, so cash flow from operating activities is adversely affected during recessionary periods.

Information about our use of cash flow from operating activities is presented in the following table:

(in thousands)	2003	2002
Net cash provided by operating activities	$156,740	$100,768
Capital expenditures	(39,548)	(36,763)
Dividends paid, including to minority interests	(24,799)	(24,665)
Other—primarily stock option proceeds	18,324	22,915
Cash flow available for acquisitions and debt repayment	$110,717	$ 62,255
Use of available cash flow:		
Business acquisitions and investments	$ (4,118)	$ (11,395)
Other investing activity	(362)	4,689
Increase (decrease) in long-term debt	(97,770)	(54,964)

Cash flow from operating activities exceeded capital expenditures and cash dividends in 2003, as it has in each year since 1992. Cash flow from operating activities in excess of capital expenditures and dividends, combined with our substantial borrowing capacity, has been used primarily to fund acquisitions and investments and to develop new businesses. There are no significant legal or other restrictions on the transfer of funds among our business segments.

Net cash provided by operating activities increased year-over-year in the six months of 2003 due to improved operating performance of our business segments and the receipt of tax refunds associated with the settlement of the Internal Revenue Service examination of our 1992 through 1995 consolidated federal income tax returns. Net cash provided by operating activities in the period was reduced by contributions to our defined benefit pension plans totaling $21.3 million in the first six months of 2003. We expect to make additional pension contributions of approximately $20 million in the last half of 2003. Pension contributions were $0.8 million in the first six months of 2002 and $40 million for the full year of 2002. Pension contributions have increased primarily due to investment losses during the stock market decline from 2000 through 2002 and lower discount rates resulting from the decline in interest rates during that period.

Net cash provided by operating activities was also reduced by costs associated with the development of DIY, Fine Living, and video-on-demand and investments in Shop At Home. Costs associated with our developing businesses reduced cash flow from operating activities by approximately $60 million in the first six months of 2003 and by approximately $70 million in the first six months of 2002.

In the first quarter of 2003, we acquired a fractional interest in our Memphis newspaper for $3.5 million in cash. In the first quarter of 2002, we acquired an additional 1% interest in Food Network for $5.2 million in cash. In 2002, we also invested an additional $6.2 million in equity securities of developing businesses.

Total borrowings were $627 million as of June 30, 2003, including commercial paper borrowings of $166 million with average maturities of 90 days or less. Commercial paper borrowings are supported by two bank credit facilities, one which permits maximum borrowings of $400 million and expires in August 2003 and one which permits maximum borrowings of $200 million and expires in 2007. The August 2003 facility is currently in the process of being negotiated. We do not expect any material changes in the terms of the facility. Borrowings of $434 million are available under the facilities at June 30, 2003.

Our access to commercial paper markets can be affected by macroeconomic factors outside of our control. In addition to macroeconomic factors, our access to commercial paper markets and our borrowing costs are affected by short and long-term debt ratings assigned by independent rating agencies. We have a U.S. shelf registration statement which allows us to borrow up to an additional $350 million as of June 30, 2003.

In the fourth quarter of 2002, we acquired a 70% controlling interest in Shop At Home from Summit America Television, Inc. ("Summit America") for $49.5 million. Related to the acquisition of the controlling interest, we loaned Summit America $47.5 million to be repaid in three years. We also purchased $3.0 million of Summit America redeemable preferred stock. The note is secured by Summit America's broadcast television stations in San Francisco, Boston and Cleveland and bears interest at 6%, payable quarterly. The note and the preferred stock mature in 2005.

Summit America has the right to require us to purchase the remaining 30% of Shop At Home at any time between November 1, 2004, and October 31, 2007, at the then fair value. We have an option to acquire the remaining 30% of Shop At Home at any time after October 31, 2007, at the then fair value. Upon exercise of either option, Summit America must repay the $47.5 million note due us and redeem the Summit America preferred stock held by us.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We may use foreign currency forward and option contracts to hedge our cash flow exposures that are denominated in Japanese yen and forward contracts to reduce the risk of changes in the price of newsprint on anticipated newsprint purchases. We held no foreign currency or newsprint derivative financial instruments at June 30, 2003.

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

(in thousands, except share data)	As of June 30, 2003		As of December 31, 2002	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Variable-rate credit facilities, including commercial paper	$166,337	$166,337	$312,371	$312,371
$100 million, 6.625% notes, due in 2007	99,938	115,280	99,930	113,737
$50 million, 3.75% notes, due in 2008	50,000	51,686		
$100 million, 4.25% notes, due in 2009	99,382	105,906	99,334	102,468
$200 million, 5.75% notes, due in 2012	198,871	226,060	198,809	217,368
Other notes	12,793	12,131	14,528	13,956
Total long-term debt including current portion	$627,321	$677,400	$724,972	$759,900
Interest rate swap	$ 1,686	$ 1,686		
Note from Summit America, including accreted discount	$ 44,000	$ 46,000	$ 43,250	$ 46,250
Financial instruments subject to market value risk:				
AOL Time Warner (2,017,000 common shares)	$ 29,667	$ 32,451	$ 29,667	$ 26,420
Other available-for-sale securities	2,167	6,470	2,318	4,108
Total investments in publicly-traded companies	31,834	38,921	31,985	30,528
Summit America preferred stock	3,150	(a)	3,000	(a)
Digital Theater Systems (“DTS”) (587,000 common shares)	1,000	(b)	1,000	(b)
Other equity investments	14,253	(a)	16,970	(a)

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

(b) DTS completed an initial public offering of its common stock in July 2003 at $17 per share. The fair value of our investment in DTS was approximately $12 million on July 31, 2003.

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

The weighted-average interest rate on borrowings under the Variable-Rate Credit Facilities was 1.2% at June 30, 2003, and 1.4% at December 31, 2002.

The carrying amount of the Summit America note is based on the estimated fair value of the note at the date of acquisition of the controlling interest in Shop At Home plus accreted discount.

CONTROLS AND PROCEDURES

Scripps' management is responsible for the preparation, integrity and objectivity of the consolidated financial statements and other information presented in this report. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect certain estimates and adjustments by management. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, we must make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We re-evaluate our estimates and assumptions on an ongoing basis. While actual results could, in fact, differ from those estimated at the time of preparation of the financial statements, we are committed to preparing financial statements incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.

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

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

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

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

In June and July 2003, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective. There were no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the most recent evaluation.

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THE E. W. SCRIPPS COMPANY

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RATIO OF EARNINGS TO FIXED CHARGES **EXHIBIT 12**

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
EARNINGS AS DEFINED:				
Earnings from operations before income taxes after eliminating undistributed earnings of 20%- to 50%-owned affiliates	$122,080	$41,233	$213,096	$110,456
Fixed charges excluding capitalized interest and preferred stock dividends of majority-owned subsidiary companies	9,482	8,199	19,110	16,348
Earnings as defined	$131,562	$49,432	$232,206	$126,804
FIXED CHARGES AS DEFINED:				
Interest expense, including amortization of debt issue costs	$ 7,832	$ 6,629	$ 15,835	$ 13,221
Interest capitalized	89	185	164	344
Portion of rental expense representative of the interest factor	1,650	1,570	3,275	3,127
Preferred stock dividends of majority-owned subsidiary companies	20	20	40	40
Fixed charges as defined	$ 9,591	$ 8,404	$ 19,314	$ 16,732
RATIO OF EARNINGS TO FIXED CHARGES	13.72	5.88	12.02	7.58

EXHIBIT 31(a)
Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Kenneth W. Lowe, certify that:

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

Date: August 1, 2003

BY: /s/ KENNETH W. LOWE

Kenneth W. Lowe
President and Chief Executive Officer

EXHIBIT 31(b)
Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Joseph G. NeCastro, certify that:

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

Date: August 1, 2003

BY: /s/ JOSEPH G. NECASTRO

Joseph G. NeCastro
Senior Vice President and Chief Financial Officer

EXHIBIT 32(a)
Section 1350 Certifications

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2003 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KENNETH W. LOWE

Kenneth W. Lowe
President and Chief Executive Officer

August 1, 2003

EXHIBIT 32(b)
Section 1350 Certifications

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2003 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH G. NECASTRO

Joseph G. NeCastro
Senior Vice President and Chief Financial Officer

August 1, 2003