E.W. SCRIPPS Co
Form 10-K
March 01, 2019

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

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018 OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 0-16914
THE E.W. SCRIPPS COMPANY
(Exact name of registrant as specified in its charter)

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

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

Title of each class	Name of each exchange on which registered
Securities registered pursuant to Section 12(b) of the Act:	NASDAQ Global Select Market
Class A Common shares, $.01 par value	

Securities registered pursuant to Section 12(g) of the Act:
Not applicable
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" , "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
þ	o	o	o	o

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

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

The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the $13.39 per share closing price for such stock on June 30, 2018, was approximately $760,000,000. All Class A Common shares beneficially held by executives and directors of the registrant and descendants of Edward W. Scripps have been deemed, solely for the purpose of the foregoing calculation, to be held by affiliates of the registrant. There is no active market for our Common Voting shares.

As of January 31, 2019, there were 68,731,963 of the registrant’s Class A Common shares, $.01 par value per share, outstanding and 11,932,722 of the registrant’s Common Voting shares, $.01 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2019 annual meeting of shareholders.

Index to The E.W. Scripps Company Annual Report
on Form 10-K for the Year Ended December 31, 2018

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

Additional Information

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

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to the Company's businesses that are based on management’s current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors.” The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

PART I

Item 1. Business

We are an 140-year-old media enterprise with interests in local and national media brands. Founded in 1878, our motto is "Give light and the people will find their own way." Our mission is to do well by doing good — creating value for customers, employees and owners by informing, engaging and empowering those we serve. We serve audiences and businesses in our Local Media division through a portfolio of local television stations and their associated digital media products. Our Local Media division is one of the nation's largest independent TV station ownership groups. Following the completion of the Raycom Media acquisition in January 2019 and the anticipated closing of the Cordillera Communications, LLC acquisition in the second quarter of 2019, we will have 51 television stations in 36 markets and a reach of more than one in five U.S. television households. We have affiliations with all of the "Big Four" television networks. In our National Media division, we operate national media brands including podcast industry-leader, Stitcher, and its advertising network Midroll Media; next-generation national news network, Newsy; four national broadcast networks, the Katz networks; and the global leader in digital audio technology and measurement services, Triton. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee. For a full listing of our outlets, visit http://www.scripps.com.

In 2018, management announced a comprehensive growth strategy for the Company to improve short-term performance and position itself for long-term growth in the form of a five-point plan.

The strategy began at the end of 2017 with a reorganization of our Company into Local Media and National Media divisions to better reflect how audiences and advertisers view our businesses.

We performed an analysis of our operating divisions and corporate cost structure in order to reduce expenses and improve both operating performance and company cash flow. We have incurred restructuring charges totaling $13.3 million since the third quarter of 2017 and have completed our plan to achieve $30 million in annualized cost reductions.

We executed on further optimizing our portfolio through the sale of our radio business. By the end of 2018, all 34 radio stations had been sold through multiple transactions for total consideration of $83.5 million.

We continue to pursue a television station acquisition strategy that allows us to assemble the best-performing portfolio possible. On January 1, 2019, we acquired ABC-affiliated stations in Waco, Texas and Tallahassee, Florida for $55 million in cash. Additionally, we have entered into a definitive agreement to acquire 15 top ranked and high performing television stations, serving 10 markets, for $521 million. Completion of the acquisition, which is anticipated to close in the second quarter of 2019, is subject to regulatory approvals and customary closing conditions. These acquisitions allow us to move into new markets that enhance our portfolio and will diversify our network affiliate mix.

We also are committed to the continued investment in our national media businesses for long-term growth. On November 30, 2018, we acquired Triton Digital Canada, Inc., a leading global digital audio infrastructure and audience measurement services company, for $150 million, net of cash acquired. We have increased our Newsy cable subscribers, Stitcher podcast listeners and Katz U.S. household reach through our investment in and creation of quality content.

Additionally, during 2018, we delivered value to shareholders through our share repurchase program and initiation of a quarterly dividend of 5 cents per share.

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

LOCAL MEDIA

Our Local Media segment is comprised of our local broadcast television stations and their related digital operations. We have operated broadcast television stations since 1947, when we launched Ohio's first television station, WEWS, in Cleveland. Today, our television station group reaches approximately one in five of the nation's television households and includes fifteen ABC affiliates, five NBC affiliates, two FOX affiliates and two CBS affiliates. We also have two MyTV affiliates, one CW affiliate, two independent stations and four Azteca America Spanish-language affiliates.

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

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

In addition to news programming, our television stations run network programming, syndicated programming and original programming. Our strategy is to rely less on expensive syndicated programming and to replace it with original programming that we control. We believe this strategy improves our Local Media division's financial performance. Original shows we produce ourselves or in partnership with others include:

- The List, an Emmy award winning infotainment show, is available in 37 markets reaching viewers in approximately 28 percent of the country.
- The Now is a news show designed to take the audience into a deeper dive of the day's events and is available in more than 15 of our markets.
- RightThisMinute is a daily news and entertainment program featuring viral videos. RightThisMinute reaches nearly 97 percent of the nation's television households.

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

Station	Market	Network Affiliation/ DTV Channel	Affiliation Agreement Expires in	FCC License Expires in	Market Rank (1)	Stations in Market (2)	Station Rank in Market (3)	Percentage of U.S. Television Households in Mkt (4)	Average Audience Share (5)
WFTS-TV	Tampa, Ch. 28	ABC/29	2022	2021	11	13	4	1.7%	4
KNXV-TV	Phoenix, Ch. 15	ABC/15	2022	2022	12	14	3	1.7%	5
WMYD-TV	Detroit, Ch. 20	MY/21	2020	2021	14	10	6	1.6%	2
WXYZ-TV	Detroit, Ch. 7	ABC/41	2022	2021	14	10	2	1.6%	7
KMGH-TV	Denver, Ch. 7	ABC/7	2022	2022	17	14	3	1.4%	4
WEWS-TV	Cleveland, Ch. 5	ABC/15	2022	2021	19	11	1	1.3%	8
WMAR-TV	Baltimore, Ch. 2	ABC/38	2022	2020	26	11	4	1.0%	3
WTVF-TV	Nashville, Ch. 5	CBS/25	2021	2021	27	10	1	0.9%	13
WRTV-TV	Indianapolis, Ch. 6	ABC/25	2022	2021	28	10	4	0.9%	5
KGTV-TV	San Diego, Ch. 10	ABC/10	2022	2022	29	12	3	0.9%	5
KMCI-TV	Kansas City, Ch. 38	Ind./41	N/A	2022	32	12	7	0.8%	1
KSHB-TV	Kansas City, Ch. 41	NBC/42	2021	2022	32	12	4	0.8%	6
WCPO-TV	Cincinnati, Ch. 9	ABC/22	2022	2021	35	9	3	0.8%	7
WTMJ-TV	Milwaukee, Ch. 4	NBC/28	2021	2021	36	14	4	0.8%	6
WPTV-TV	W. Palm Beach, Ch. 5	NBC/12	2021	2021	37	10	1	0.8%	8
KTNV-TV (6)	Las Vegas, Ch. 13	ABC/13	2022	2022	39	14	3	0.7%	5
WKBW-TV	Buffalo, Ch. 7	ABC/38	2022	2023	52	9	3	0.5%	6
WFTX-TV	Fort Myers/Naples, Ch. 4	FOX/35	2019	2021	55	14	5	0.5%	3
KJRH-TV	Tulsa, Ch. 2	NBC/8	2021	2022	61	12	4	0.5%	5
WGBA-TV	Green Bay/Appleton, Ch. 26	NBC/41	2021	2021	67	9	4	0.4%	5
WACY-TV (6)	Green Bay/Appleton, Ch. 32	MY/27	2020	2021	67	9	8	0.4%	1
KMTV-TV	Omaha, Ch. 3	CBS/45	2020	2022	69	9	3	0.4%	9
KWBA-TV	Tucson, Ch. 58	CW/44	2021	2022	73	13	9	0.4%	1
KGUN-TV (6)	Tucson, Ch. 9	ABC/9	2022	2022	73	13	3	0.4%	5
KIVI-TV (6)	Boise, Ch. 6	ABC/24	2022	2022	100	11	3	0.2%	8

WSYM-TV	Lansing, Ch. 47	FOX/38	2019	2021	110	7	4	0.2%	4
KERO-TV	Bakersfield, Ch. 23	ABC/10	2022	2022	122	11	3	0.2%	6

All market and audience data is based on the November 2018 Nielsen survey, live viewing plus 7 days of viewing on DVR.

(1) Market rank represents the relative size of the television market in the United States.

(2) Stations in Market represents stations within the Designated Market Area per the Nielsen survey excluding public broadcasting stations, satellite stations, and low-power stations.

(3) Station Rank in Market is based on Average Share as described in (5).

(4) Percentage of U.S. Television Households in Market represents the number of U.S. television households in Designated Market Area as a percentage of total U.S. television households.

(5) Average Audience Share represents the number of television households tuned to a specific station from 6 a.m. to 2 a.m. Monday-Sunday, as a percentage of total viewing households in the Designated Market Area.

(6) Affiliation agreements expired and were extended or are being negotiated at this writing.

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

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

Revenue cycles and sources

Core Advertising

Our core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast air spots, as well as digital advertising. Our core advertising revenues accounted for 51% of our Local Media segment’s revenues in 2018. Pricing of broadcast spot advertising is based on audience size and share, the demographics of our audiences and the demand for our limited inventory of commercial time. Our stations compete for advertising revenues with other sources of local media, including competitors’ television stations in the same markets, radio stations, cable television systems, newspapers, digital platforms and direct mail.

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

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

Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.
Cyclical factors influence revenues from our core advertising categories. Some of the cycles are periodic and known well in advance, such as election campaign seasons and special programming events (e.g. the Olympics or the Super Bowl). For example, our NBC affiliates benefit from incremental advertising demand from the coverage of the Olympics. Economic cycles are less predictable and beyond our control.

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

Political Advertising

Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state and local issues. It is also sold to political action groups (PACs) or other advocacy groups. Political advertising revenues were 15% of our Local Media segment's revenues in 2018.

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

Retransmission Revenues

We earn revenues from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. Retransmission revenues were 33% of our Local Media segment's revenues in 2018. The

MVPDs are cable operators, telecommunication companies and satellite carriers who pay us to offer our programming to their customers. The fees we receive are typically based on the number of subscribers the MVPD has in our local market and the contracted rate per subscriber.

We also receive fees from over-the-top (virtual MVPDs) such as YouTubeTV, DirectTV Now and Sony Vue. The fees we receive are typically based on the number of subscribers in our local market and the contracted rate per subscriber.

Expenses
Employee costs accounted for 44% of our Local Media segment's costs and expenses in 2018.
We centralize certain functions, such as master control, traffic, graphics and political advertising, at company-owned hubs that do not require a presence in the local markets. This approach enables each of our stations to focus local resources on the creation of content and revenue-producing activities. We expect to continue to look for opportunities to centralize functions that do not require a local market presence.

Programming costs, which include network affiliation fees, syndicated programming and shows produced for us or in partnership with others, were 33% of our Local Media segment's costs and expenses in 2018.

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

Federal Regulation of Broadcasting — Broadcast television is subject to the jurisdiction of the FCC pursuant to the Communications Act of 1934, as amended (“Communications Act”). The Communications Act prohibits the operation of broadcast stations except in accordance with a license issued by the FCC and empowers the FCC to revoke, modify and renew broadcast licenses, approve the transfer of control of any entity holding such a license, determine the location of stations, regulate the equipment used by stations and adopt and enforce necessary regulations. As part of its obligation to ensure that broadcast licensees serve the public interest, the FCC exercises limited authority over broadcast programming by, among other things, requiring certain children's television programming and limiting commercial content therein, requiring the identification of program sponsors, regulating the sale of political advertising and the distribution of emergency information, and restricting indecent programming. The FCC also requires television broadcasters to close caption their programming for the benefit of persons with hearing impairment and to ensure that any of their programming that is later transmitted via the Internet is captioned. Network-affiliated television broadcasters in larger markets must also offer audio narration of certain programming for the benefit of persons with visual impairments. Reference should be made to the Communications Act, the FCC’s rules and regulations, and the FCC’s public notices and published decisions for a fuller description of the FCC’s extensive regulation of broadcasting.
Broadcast licenses are granted for a term of up to eight years and are renewable upon request, subject to FCC review of the licensee's performance. All the Company’s applications for license renewal during the current renewal cycle have been granted for full terms. While there can be no assurance regarding the renewal of our broadcast licenses, we have never had a license revoked, have never been denied a renewal, and all previous renewals have been for the maximum term.
FCC regulations govern the ownership of television stations, and the agency is required by statute to periodically review these rules. In November 2017, the FCC adopted significant changes to its local television ownership rules. In particular, the FCC voted to relax the television “duopoly rule” that generally restricted an applicant from owning or controlling more than one television station (or in some markets under certain conditions, more than two television stations) in the same market. The FCC eliminated that rule’s requirement that eight independent local television station “voices” should remain after any merger, and it relaxed the prohibition against common ownership of two of the four most-viewed stations in a market, stating that proposed mergers of such “top-four” stations will instead be evaluated on a case-by-case basis. The order further reversed an earlier FCC decision to treat those stations participating in joint advertising sales agreements as if they were under common ownership. Station WSYM-TV, Lansing, Michigan, is a party to such a joint advertising agreement with a local station, but it enjoyed a permitted “grandfathered” status while the rule was in effect. These rule changes remain subject to pending appeals and further judicial review.
This 2017 FCC order left in place the long-standing requirement that any television station that provides more than 15% of another in-market television station’s weekly programming is deemed to have an attributable interest in that station that subjects the stations to the FCC’s ownership limits. It also directed that any local stations that share

facilities or services such as program production on a continuing basis must start disclosing these agreements in their public files. Stations WPTV-TV, West Palm Beach, Florida, and KIVI-TV, Nampa (Boise), Idaho, are parties to such shared services programming agreements.

With respect to national television ownership, the FCC voted in December 2017 to consider whether and how it might revisit its rule preventing applicants from obtaining an ownership interest in television stations whose total national audience reach would exceed 39% of all television households. Earlier in the year, the FCC reinstated the 50% discount applied to the number of households deemed covered by UHF television stations, and the new notice expressly addresses whether to retain this distinction for UHF. This proceeding remains open.

In December 2018, the FCC began another of its statutorily-required reviews of its multiple ownership rule, including a broad review of whether all the current local radio and television rules continue to serve the public interest.
We cannot predict the outcome of the pending court review of the FCC's television ownership rule changes or the effect of further FCC rule revisions on our stations' operations or our business.
The restrictions imposed by the FCC’s ownership rules may apply to a corporate licensee due to the ownership interests of its officers, directors or significant shareholders. If such parties meet the FCC’s criteria for holding an attributable interest in the licensee, they are likewise expected to comply with the ownership limits, as well as other licensee requirements such as compliance with certain criminal, antitrust, and antidiscrimination laws.
In order to provide additional spectrum for mobile broadband and other services, the FCC in 2017 conducted an incentive spectrum auction in which some television broadcasters agreed to voluntarily give up spectrum in return for a share of the auction proceeds. No Scripps station will be going off-air or relinquishing a current UHF-band allocation for a VHF-band allocation as a result of the auction, but 17 full-power Scripps stations and many of Scripps' low-power and translator stations are relocating to new channels in the reduced broadcast spectrum band. Broadcasters are concerned that the FCC’s approach to the post-auction “repacking” of the remaining television stations into this reduced broadcast spectrum may not adequately protect stations’ over-the-air services. Broadcasters also are particularly concerned that the FCC’s post-auction plans will not provide sufficient time to complete the repacking before the sold spectrum will be authorized for wireless use. Implementing the post-auction changes will be complicated and costly, and stations located near the Canadian and Mexican borders may be at particular risk of service loss due to the need to coordinate international frequency use. Despite warnings about difficulties, such as weather delays and a lack of available qualified tower and equipment installation crews, the FCC has expressed confidence that adequate time will be available to complete the repacking, and it has imposed a “hard” deadline that could require a station to cease broadcasting on its existing frequency even though an alternative facility is not yet ready to provide its over-the-air service.
Broadcasters are currently testing a new voluntary digital television standard, ATSC 3.0. This Internet-protocol based transmission system will permit television stations to offer enhanced and innovative services coupled with much improved broadcast signal reception, particularly by mobile devices. The new standard, however, is incompatible with both existing television receivers and with a station’s ability to continue offering its service via the current ATSC 1.0 digital standard. To avoid loss of service to those viewers who lack a new receiver, stations switching to ATSC 3.0 will be required to arrange for a local station that continues to use the current 1.0 standard to air (on a subchannel) programming “substantially similar” to that offered by the switching station on its 3.0 channel. In return, the 3.0 station could host the 3.0 signal of its 1.0 “host” station. This “simulcasting” requirement will sunset in July 2023, unless extended by the FCC. Scripps Station KNXV-TV is participating in a market test of the new transmission system in Phoenix, AZ.
The FCC remains committed to permitting non-broadcast spectrum use in the “white spaces” between television stations' protected service areas despite broadcasters’ concerns about the possibility of harmful interference to their existing service and to the potential for innovative uses of their broadcast spectrum in the future. In connection with the auction process, the FCC may further reduce the spectrum available for television broadcasting by reserving a 6 MHz channel in each market for non-broadcast, unlicensed services (including wireless microphones). The repacking of television broadcast spectrum and the reservation of spectrum in the “broadcast” band for interference-protected non-broadcast services could have a particularly adverse effect on the ability of low-power and translator television stations to offer service since these stations may not be able to find space to operate in the reduced band and they enjoy only “secondary” status that offers no protection from interference caused by a full-power station. We cannot predict the effect of these proceedings on our offering of digital television service or our business.
Full-power broadcast television stations generally enjoy “must-carry” rights on any cable television system defined as “local” with respect to the station. Stations may waive their must-carry rights and instead negotiate retransmission consent agreements with local cable companies. Similarly, satellite carriers, upon request, are required to carry the signal of those television stations that request carriage and that are located in markets in which the satellite carrier chooses to retransmit at least one local station, and satellite carriers cannot carry a broadcast station without its consent. The Company has elected to negotiate retransmission consent agreements with cable operators and satellite

carriers for both our network-affiliated stations and our independent stations.

While the Commission is not actively proceeding with its rulemaking to reexamine the retransmission consent negotiation process and particularly the standards that may trigger the agency's intervention to enforce the obligation of the parties to negotiate these agreements in "good faith," the docket remains open. A related agency proceeding also remains open that looks toward the possible elimination of the "network nonduplication" and "syndicated exclusivity" rules that permit

broadcasters to enforce certain contractual programming exclusivity rights through the FCC's processes rather than by judicial proceedings. We cannot predict the outcome of these proceedings or their possible impact on the Company.
Other proceedings before the FCC and the courts have reexamined the policies that protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC in 2014 has initiated a rulemaking proceeding on the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to multi-channel video programming distributors (“MVPDs”), such as cable operators and satellite systems. That proceeding raised a variety of issues, including whether some Internet-based distributors might be able to take advantage of MVPDs' statutory copyright licensing rights. We cannot predict the outcome of such proceedings that address the use of new technologies to challenge traditional means of redistributing television broadcast programming or their possible impact on the Company.
The FCC may impose substantial penalties for violations of its rules and policies. For example, settlement of an investigation involving a single radio station’s failure to broadcast proper sponsorship identification announcements in a series of ads required the licensee to make a payment of over $500,000. Uncertainty continues regarding the scope of the FCC's authority to regulate indecent programming, but the agency has increased its enforcement efforts regarding other programming issues such as sponsorship identification, broadcasting proper emergency alerts, and extending service to persons with disabilities. We cannot predict the effect of the FCC’s expanded enforcement efforts on the Company.

NATIONAL MEDIA

Our National Media segment represents our collection of national and international businesses including Katz, Stitcher, Triton and Newsy. These businesses compete on emerging platforms and marketplaces where there is significant growth in both audience and revenue, such as over-the-top (OTT) and over-the-air (OTA) video and digital video. OTT refers to the delivery of content over the internet which can be assessed through apps on internet-connected devices such as set-top boxes (such as Roku or Apple TV), smartphones, smart TVs and tablets. OTA content can be viewed using antennas or through a cable subscription. Digital audio is on-demand, streaming music or spoken-word programming that can be subscription based or advertising supported. Our digital audio businesses serve consumers, publishers and advertisers by providing a suite of services including content production and distribution, technology, sales, and measurement.

Katz

Katz operates four over-the-air networks — Bounce, Escape, Grit and Laff. The networks are primarily broadcast over-the-air on local broadcasters' digital sub-channels. They are also carried on some cable and satellite services. Each of the networks is a fast-growing, audience-targeted national broadcast network. Bounce is aimed at African-Americans; Grit airs western movies and series targeted to men; Escape runs scripted dramas and true crime docuseries targeting women; and Laff airs classic, well-loved comedies. Each of these Nielson rated networks reaches about 90 percent of all U.S. households as reported by Nielsen.

Katz has recently announced the relaunch of a fifth over-the-air network, Court TV. This network is devoted to live, gavel-to-gavel coverage, in-depth legal reporting and expert analysis of the nation’s most important and compelling trials. The network will launch in May 2019 and will be available for cable, satellite and over-the-air and over-the-top carriage.

The primary source of revenue for Katz is through the sale of advertising to national customers. The advertising revenue generated depends on viewership ratings and the rate paid by customers for certain viewer demographics. Katz sells its advertising in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for upcoming seasons and, by committing to purchase in advance, lock in the advertising rates they will pay for the upcoming year. In the scatter market, advertisers buy their spots closer to the time when the spots will run. The mix of upfront and scatter market advertising time sold is based upon the economic conditions at the time the upfront sales take place, impacting the sell-out levels management is willing or able to obtain. The demand in the scatter market then impacts the pricing achieved for our remaining advertising inventory. Scatter market pricing can vary from upfront pricing and can be volatile. In some cases, advertising sales are subject to ratings guarantees that require us to provide additional advertising time if the guaranteed audience levels are not achieved.

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

Katz has carriage agreements with local television broadcasters and cable and satellite providers to carry one or more of the Katz networks. These carriage agreements are generally for a five-year term. Under these agreements, Katz pays a fixed fee for the carriage rights.

For programming, Katz enters into agreements to license existing programming and movies, as well as to produce several original shows.

Stitcher

Stitcher creates original podcasts, operates the Stitcher and Earwolf networks, and provides podcast agency services that generate revenue for more than 300 shows. A podcast is a digital audio recording in spoken-word format, usually part of a themed series, which is downloaded or streamed most often to mobile devices. In 2018, it’s estimated that 73 million Americans listened to a podcast at least monthly. Stitcher also provides a mobile app listening platform where consumers can stream the latest in news, sports, talk, and entertainment on demand. We expect to make continued investments in our Stitcher app, with the objective of creating a best-in-class user experience for the podcast listener and advertiser.

Stitcher earns revenue from the sale of advertising on its original podcasts, which it creates and distributes through platforms such as its Stitcher app and the iPhone podcast app.

Other revenue sources include podcast agency services. Stitcher, through its Midroll Media advertising network, earns revenue by acting as a sales and marketing representative to connect advertisers and specific podcasts based on the advertiser's desired target audience.

Stitcher earns subscription revenue from the Stitcher Premium subscription service for which users pay a standard monthly or annual fee for access to premium content and ad-free archived podcast episodes.

Triton

Operating in more than 40 countries, Triton is the global leader in digital audio technology and measurement services, serving the growing digital audio marketplace. Triton provides innovative technology that enables broadcasters, podcasters and online music services to build their audience, maximize their revenue and streamline their operations. Triton’s technology is trusted by many of the biggest names in digital audio, including Pandora, Spotify, iHeart, Entercom, Cumulus, Prisa (Spain), Mediacorp (Singapore) and Karnaval (Turkey).

Triton’s software-as-a-service (SaaS) business-to-business model has two main lines of business - measurement and infrastructure. Their primary source of revenue is the licensing of digital audio technology and services to a wide range of global audio publishers. Triton’s measurement technology platform is the standard in the digital audio marketplace, and its national and local metrics are the currency through which agencies and brands buy digital audio advertising from streaming audio companies across various geographies and devices. The national audience measurement product is offered for a fixed monthly fee with additional fees based on total audience listening hours. The local audience measurement product is offered on a fixed license fee for each market on which data is reported, along with annual fee escalations. Triton’s hosting and advertising infrastructure enables publishers around the world to deliver high-quality, digital audio streams with data-powered dynamic ad insertion to their listening audience. The hosting product is offered to users via a monthly license fee for access to the platform with additional fees for excess data delivery usage. For its advertising technology platform, Triton charges a fixed license fee with additional fees based on the number of impressions delivered. Through the advent of the world’s first programmatic audio advertising exchange, Triton provides the infrastructure in which publishers and advertisers can seamlessly transact audio inventory programmatically.

Newsy

Newsy is our national news network focused on bringing perspective and analysis to reporting on world and national news, including politics, entertainment, science and technology. It is targeted toward a younger audience. In 2017, we expanded Newsy's distribution to include cable, and by the end of 2018, we reached agreements with cable and satellite operators to carry Newsy into approximately 36 million households. We expect continued investment in Newsy as we look to increase distribution and enhance our products.

Newsy is also distributed widely on platforms providing over-the-top (OTT) television service, including Hulu, Roku, Amazon Fire TV, Apple TV, Sling TV and Chromecast.

Newsy earns revenue from the sale of advertising on the platforms on which it is distributed. It also receives carriage fees from cable providers who pay us to offer our programming to their customers. The revenue we receive is based on the number of subscribers who receive the programming.

Newsy's programming strategy is to provide in-depth coverage of U.S. and world news targeted at 25-34 year-olds. Newsy's cable programming lineup includes fourteen hours of daily live news coverage consisting of shows such as the evening newsmagazine “The Why,” the morning show “The Day Ahead,” and the newsmaker spotlight program “30 Minutes With.” Newsy also produces investigative reports and documentaries.

Employees

As of December 31, 2018, we had approximately 3,950 full-time equivalent employees, of whom approximately 3,100 were with Local Media and 600 with National Media. Various labor unions represent approximately 400 employees, the majority of which are in Local Media. We have not experienced any work stoppages at our current operations since 1985. We consider our relationships with our employees to be satisfactory.

Item 1A. Risk Factors

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

Risks Related to Our Businesses

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

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

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

- Programming and content offered by our businesses may not achieve desired ratings or may decline in popularity with its audience.

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

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

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

- Television stations have significant exposure to advertising in the automotive, retail and services industries. Advertising within these industries may decline and we may not be able to secure replacement advertisers.

- Several national advertising agencies are employing an automated process known as “programmatic buying” to gain efficiencies and reduce costs related to buying advertising. Growth in advertising revenues will rely in part on the ability to maintain and expand relationships with existing and future advertisers. The implementation of a programmatic model or other similar solution, where automation replaces existing pricing and allocation methods, could turn advertising inventory into a price-driven commodity. These automated solutions could reduce the value of relationships with advertisers as well as result in downward pricing pressure.

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

We have made significant investments in our National Media businesses and expect to continue to make significant investments in those businesses in the coming years. Investments we make in our National Media businesses may not perform as expected.

In recent years, we have acquired Triton, Katz, Stitcher and Newsy for an aggregate purchase price of almost $550 million. Our National Media businesses are not mature businesses and will require additional capital to gain distribution and build audiences, or, in the case of Triton, build customer base. The markets for these businesses may not develop as we expect, we may face greater competition than we anticipate, and our competition may have greater financial resources. The success of these investments depends on a number of factors, including timely development and market acceptance of the products and services that these businesses offer.

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

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

The loss of affiliation agreements or the costs of renewals could adversely affect our Local Media operating results.

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

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

Our retransmission consent revenue may be adversely affected by renewals of retransmission consent agreements, by new technologies for the distribution of video programming, or by revised government regulations.

As our retransmission consent agreements expire, there can be no assurance that we will be able to renew them at comparable or better rates. As a result, retransmission revenues could decrease and retransmission revenue growth could decline over time.

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

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

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

We make investments in television programming and podcast content rights (collectively "content") in advance of knowing whether that particular content will be popular enough for us to recoup our costs. Additionally, if costs to acquire this content increase, our operating results may be adversely affected.

We incur significant costs for the purchase of television programming and podcast content rights. We may have to purchase content several years in advance or enter into multi-year agreements, resulting in the commitment of significant costs in advance of knowing whether the content will be popular with its audience. If this acquired content is not sufficiently popular among audiences in relation to the cost we invest in the content, or if we need to replace content that is performing poorly, we may not be able to produce enough revenue to recover our costs. Additionally, increased competition from entrants into the market for content could increase our content costs. Any of these factors could reduce our revenues, result in the incurrence of impairment charges or otherwise cause our costs to escalate relative to revenues.

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

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

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

- As discussed under Federal Regulation of Broadcasting, the FCC in 2017 completed an auction in which some television licensees voluntarily auctioned away their spectrum rights and 84 MHz of broadcast spectrum was reallocated to other uses. As a result, many television stations, including 17 Company-owned full-power stations, must change their operating frequencies, and the FCC is setting tight deadlines for the completion of these facility changes in order to make the reallocated spectrum promptly available to the wireless service buyers. Depending on factors such as the availability of specialized technical assistance and custom-made equipment, weather issues, and, for stations near international borders, the cooperation of foreign governments, some stations could confront substantial costs and difficulty in completing these relocations within the allotted time, adversely affecting these stations' over-the-air service. Scripps has timely applied for and received construction permits to complete the required changes for its stations and is expeditiously pursuing the steps necessary to complete this process, but we cannot predict whether unforeseen circumstances might delay implementation and have a material adverse effect on one or more stations' revenue potential.

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

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

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We intend to continue to evaluate strategic acquisitions, and there are various risks associated with an acquisition strategy.
We have pursued and intend to selectively continue to pursue strategic acquisitions, subject to market conditions, our liquidity, and the availability of attractive acquisition candidates, with the goal of improving our business. We may not be able to identify other attractive acquisition targets or some of our competitors may have greater financial or managerial resources with which to pursue acquisition targets we may pursue. Therefore, even if we are successful in identifying attractive acquisition targets, we may face considerable competition and be unsuccessful in implementing our acquisition strategy.
Acquisitions involve inherent risks, such as increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material adverse effect on our results of operations. Additionally, our revenues and profitability could be adversely affected if we are unable to implement effective cost controls, achieve expected synergies, or increase revenues as a result of an acquisition. In addition, future acquisitions may result in our assumption of unexpected liabilities and may result in the diversion of management’s attention from the operation of our core business.
Acquisitions of television stations are subject to the approval of the FCC and the Antitrust Division of the Department of Justice. Current or future policies of these regulatory authorities could restrict our ability to pursue or consummate future transactions and could require us to divest certain television stations if an acquisition under contract would result in excessive concentration in a market or fail to comply with FCC ownership limitations. There can be no assurance that pending acquisitions will be approved by these regulatory authorities, or that a requirement to divest existing stations will not have an adverse effect on the transaction or our business.
We will continue to face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of operations, damage to our brands and reputation, legal exposure and financial losses.

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

Risks Related to the Ownership of Scripps Class A Common Shares

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

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

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

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

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

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

- general market and economic conditions and market trends, including in the television broadcast industry, the national media marketplace and the financial markets generally;

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

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

Risks Related to Our Indebtedness

We have substantial debt and have the ability to incur significant additional debt. The principal and interest payment obligations on such debt may restrict our future operations and impair our ability to meet our long-term obligations.

As of December 31, 2018, we and the guarantors had approximately $696 million in aggregate principal amount of outstanding indebtedness (excluding intercompany debt), approximately $400 million of which constituted senior debt (including the Senior Notes), and none of which was secured. We have the ability to incur up to $125 million of indebtedness under our Credit Agreement all of which is secured indebtedness, effectively ranking senior to the Senior Notes to the extent of the value of the assets securing such indebtedness. Our Credit Agreement matures in April 2022.

Our outstanding debt may have important consequences to you. For instance, it could:

- require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which would reduce funds available for other business purposes, including capital expenditures and acquisitions;
- place us at a competitive disadvantage compared to some of our competitors that may have less debt and better access to capital resources;
- limit our ability to obtain additional financing required to fund acquisitions, working capital and capital expenditures and for other general corporate purposes; and
- make it more difficult for us to satisfy our financial obligations, including those relating to the Senior Notes.

Our ability to service our significant financial obligations depends on our ability to generate significant cash flow. This is partially subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, that future borrowings will be available to us under our Credit Agreement or any other credit facilities, or that we will be able to complete any necessary financings, in amounts sufficient to enable us to fund our operations or pay our debts and other obligations, or to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all. Specifically, volatility in the capital markets may also impact our ability to obtain additional financing, or to refinance our existing debt, on terms or at times favorable to us. If we are unable to implement one or more of these alternatives, we may not be able to service our debt or other obligations, which could result in us being in default thereon, in which circumstances our lenders could cease making loans to us, and lenders or other holders of our debt could accelerate and declare due all outstanding obligations under the respective agreements, which would likely have a material adverse effect on us.

The agreements governing our various debt obligations impose restrictions on our operations and limit our ability to undertake certain corporate actions.

The agreements governing our various debt obligations, including the indenture that governs the Senior Notes and the agreements governing our Credit Agreement, include covenants imposing significant restrictions on our operations. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions, subject to certain limitations, on our ability to, among other things:

- incur additional debt;
- declare or pay dividends, redeem stock or make other distributions to stockholders;
- make investments or acquisitions;
- create liens or use assets as security in other transactions;
- issue guarantees;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- engage in transactions with affiliates; and
- purchase, sell or transfer certain assets.

Any of these restrictions and limitations could make it more difficult for us to execute our business strategy.

Our Credit Agreement requires us to comply with certain financial ratios and covenants; our failure to do so will result in a default thereunder, which would have a material adverse effect on us.

We are required to comply with certain financial covenants under our Credit Agreement. Our ability to comply with these requirements may be affected by events affecting our business, but beyond our control, including prevailing general economic, financial and industry conditions. These covenants could have an adverse effect on us by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities. The breach of any of these covenants or restrictions could result in a default under the applicable senior credit facility. Upon a default under any of our debt agreements, the lenders or debt holders thereunder could have the right to declare all amounts outstanding, together with accrued and unpaid interest, to be immediately due and payable, which could, in turn, trigger defaults under other debt obligations and could result in the termination of commitments of the lenders to make further extensions of credit under such senior credit facility. If we were unable to repay our secured debt to our lenders, or were otherwise in default under any provision governing our outstanding secured debt obligations, our secured lenders could proceed against us and the subsidiary guarantors and against the collateral securing that debt. Any default resulting in an acceleration of outstanding indebtedness, a termination of commitments under our financing arrangements or lenders proceeding against the collateral securing such indebtedness would likely result in a material adverse effect on our business, financial condition and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.

Borrowings under our Credit Agreement are at variable rates of interest and expose us to interest rate risk. If the London Interbank Offered Rate were to increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available to service our obligations, including making payments on the notes, would decrease.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease our principal executive offices in a building located at 312 Walnut Street, Cincinnati, OH 45202.

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

Our national businesses lease their facilities. This includes facilities for executive offices, sales offices, studio space and data centers.

All of our owned and leased properties are in good condition, and suitable for the conduct of our present business. We believe that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

None.

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

Name	Age	Position
Adam P. Symson	44	President and Chief Executive Officer (since August 2017); Chief Operating Officer (November 2016 to August 2017); Senior Vice President, Digital (February 2013 to November 2016); Chief Digital Officer (2011 to February 2013); Vice President Interactive Media, Television (2007 to 2011)
Lisa A. Knutson	53	Executive Vice President, Chief Financial Officer (since October 2017); Executive Vice President, Chief Strategy Officer (August 2017 to October 2017); Senior Vice President, Chief Administrative Officer (2011 to 2017); Senior Vice President, Human Resources (2008 to 2011)
William Appleton	70	Executive Vice President, General Counsel (since August 2017); Senior Vice President, General Counsel (July 2008 to August 2017); Managing Partner Cincinnati office, Baker & Hostetler, LLP (2003 to 2008)
Brian G. Lawlor	52	President, Local Media (since August 2017); Senior Vice President, Broadcast (January 2009 to August 2017); Vice President/General Manager of WPTV (2004 to 2008)
Douglas F. Lyons	62	Senior Vice President, Controller and Treasurer (since December 2017), Vice President, Controller and Treasurer (May 2015 to December 2017), Vice President, Controller (2008 to May 2015), Vice President, Finance and Administration (2006 to 2008)
Laura M. Tomlin	43	Senior Vice President, National Media (since August 2017); Vice President, Digital Operations (2014 to 2017)

PART II

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

Our Class A Common shares are traded on the NASDAQ Global Select Market (“NASDAQ”) under the symbol “SSP.” As of December 31, 2018, there were approximately 11,000 owners of our Class A Common shares, based on security position listings, and approximately 50 owners of our Common Voting shares (which do not have a public market). There were no sales of unregistered equity securities during the quarter for which this report is filed.

In November 2016, our Board of Directors authorized a repurchase program of up to $100 million of our Class A Common shares. The authorization currently expires on March 1, 2020. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. At December 31, 2018, $50.3 million remained under the authorization.

The following table provides information about Company purchases of Class A Common shares during the quarter ended December 31, 2018 and the remaining amount that may still be purchased under the program.

Period	Total number of shares purchased	Average price paid per share	Total market value of shares purchased	Maximum value that may yet be purchased under the plans or programs
10/1/2018 — 10/31/2018	45,813	$ 16.56	$758,647	$51,577,433
11/1/2018 — 11/30/2018	39,000	17.27	673,405	$50,904,028
12/1/2018 — 12/31/2018	37,700	16.48	621,371	$50,282,657
Total	122,513	$ 16.76	$2,053,423	

As part of the share repurchase program, the Company entered into an Accelerated Share Repurchase ("ASR") agreement with JP Morgan to repurchase $25 million of the Company's common stock and received an initial delivery of 1,349,528 shares during third quarter of 2018, which represents 80% of the total shares the Company expects to receive based on the market price at the time of initial delivery. Upon final settlement of the ASR agreement in February 2019, the Company received additional deliveries totaling 147,164 shares of its common stock based on a weighted average cost per share of $16.70 over the term of the ASR agreement.

Performance Graph — Set forth below is a line graph comparing the cumulative return on the Company's Class A Common shares, assuming an initial investment of $100 as of December 31, 2013, and based on the market prices at the end of each year and assuming dividend reinvestment, with the cumulative return of the Standard & Poor's Composite-500 Stock Index and an Index based on a peer group of media companies. The spin-off of our newspaper business at April 1, 2015 is treated as a reinvestment of a special dividend pursuant to SEC rules.

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

Our peer group was revised in 2018 to exclude Saga Communications and Beasley Broadcast Group following the sale of our radio business.

	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
The E.W. Scripps Company	$ 100.00	$ 102.90	$ 99.12	$ 100.84	$ 81.54	$ 83.17
S&P 500 Index	100.00	113.69	115.26	129.05	157.22	150.33
Current Peer Group Index	100.00	92.03	86.88	83.17	103.21	93.55
Previous Peer Group Index	100.00	91.69	86.39	83.60	104.06	92.71

Item 6. Selected Financial Data

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

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

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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

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

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

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

The Proxy Statement will be filed with the Securities and Exchange Commission in connection with our 2019 Annual Meeting of Shareholders.

Item 11. Executive Compensation

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

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

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

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

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

Item 14. Principal Accounting Fees and Services

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

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report:

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

The reports of Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, dated March 1, 2019, are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

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

(c) An exhibit index required by this item appears below.

Item 16. Form 10-K Summary

None.

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

Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Report Date
2.01	Master Transaction Agreement, dated as of July 30, 2014, by and among The E. W. Scripps Company, Scripps Media, Inc., Desk Spinco, Inc., Scripps NP Operating, LLC (f/k/a Desk NP Operating, LLC), Desk NP Merger Co., Desk BC Merger, LLC, Journal Communications, Inc., Boat Spinco, Inc., Boat NP Merger Co., and Journal Media Group, Inc. (f/k/a Boat NP Newco, Inc.)	S-4	333-200388	2.1	11/20/2014
2.02	Purchase agreement dated as of October 27, 2018, among Cordillera Communications, LLC and Scripps Media, Inc. with respect to the acquisition of certain subsidiaries of Cordillera Communications, LLC	8-K	001-10701	2.1	10/27/2018
3.01	Amended Articles of Incorporation of The E.W. Scripps Company	8-K	000-16914	99.03	2/17/2009
3.02	Amended and Restated Code of Regulations of The E.W. Scripps Company	8-K	000-16914	10.02	5/10/2007
3.03	Amendment to Amended Articles of Incorporation of The E. W. Scripps Company	8-K	000-16914	3.1	3/11/2015
10.01	The E.W. Scripps Company 2010 Long-Term Incentive Plan (Amended and Restated as of February 24, 2015)	DEF 14A	000-16914	Appendix	5/4/2015
10.02	Amendment No. 1 to The E.W. Scripps Company 2010 Long-Term Incentive Plan	10-Q	000-16914	10.02	9/30/2017
10.03	Amended and Restated 1997 Long-Term Incentive Plan	DEF 14A	000-16914	Appendix	6/13/2008
10.04	Form of Independent Director Nonqualified Stock Option Agreement	8-K	000-16914	10.03B	2/9/2005
10.05	The E.W. Scripps Company Executive Annual Incentive Plan	10-K	000-16914	10.07	12/31/2015
10.06	The E.W. Scripps Company Executive Severance Plan Amended and Restated as of February 23, 2015	8-K	000-16914	10.1	2/23/2015
10.07	The E.W. Scripps Company Employee Stock Purchase Plan	S-8	333-151963	99	6/26/2008
10.08	Amended and Restated Scripps Family Agreement dated May 19, 2015	SC 13D	005-43473	2	6/5/2015
10.09	Amendment No. 1 to Amended and Restated Scripps Family Agreement	10-Q	000-16914	10.01	3/31/2017
10.10	1997 Deferred Compensation and Stock Plan for Directors, as amended	8-K	000-16914	10.61	5/8/2008
10.11	Scripps Supplemental Executive Retirement Plan as Amended and Restated effective February 23, 2015	10-Q	000-16914	10.10	9/30/2017
10.12	Employment Agreement between the Company and Richard A. Boehne	8-K	000-16914	10.66	2/15/2011
10.13	Amendment to Employment Agreement between the Company and Richard A. Boehne	8-K	000-16914	10.1	11/4/2014
10.14	Employment Agreement between the Company and Adam P. Symson	8-K	000-16914	10.1	7/10/2017
10.15		10-K	000-16914	10.13	12/31/2016

	Scripps Senior Executive Change in Control Plan, Amended and Restated effective February 23, 2015				
10.16	Scripps Executive Deferred Compensation Plan, Amended and Restated as of February 23, 2015	10-Q	000-16914	10.14	9/30/2017
10.17	The E.W. Scripps Company Restricted Share Unit Agreement (Non-Employee Directors)	10-Q	000-16914	10.15	9/30/2017
10.18	Employee Restricted Share Unit Agreement	10-Q	000-16914	10.16	9/30/2017
10.19	5.125% Senior Notes due 2025 Purchase Agreement dated April 20, 2017	8-K	000-16914	10.1	4/20/2017
10.20	Indenture dated as of April 28, 2017	8-K	000-16914	10.1	4/28/2017
10.21	Third Amended and Restated Credit Agreement dated as of April 28, 2017	8-K	000-16914	10.2	4/28/2017
10.22	First Amendment to Third Amended and Restated Credit Agreement (Incremental Facility)	8-K	000-16914	99.1	10/2/2017
10.23	Second Amendment to Third Amended and Restated Credit Agreement	10-Q	000-16914	10.10	3/31/2018
14	Code of Ethics for CEO and Senior Financial Officers	10-K	000-16914	14	12/31/2004
21	Subsidiaries of the Company	*			
23	Consent of Independent Registered Public Accounting Firm	*			
31(a)	Section 302 Certifications	*			
31(b)	Section 302 Certifications	*			
32(a)	Section 906 Certifications	*			
32(b)	Section 906 Certifications	*			

* - As filed herewith

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

Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Report Date
101.INS	XBRL Instance Document (furnished herewith)	*			
101.SCH	XBRL Taxonomy Extension Schema Document (furnished herewith)	*			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (furnished herewith)	*			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (furnished herewith)	*			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (furnished herewith)	*			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (furnished herewith)	*			

* - As filed herewith

Signatures

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

THE E. W. SCRIPPS COMPANY

Dated: March 1, 2019 By: /s/ Adam P. Symson

Adam P. Symson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated, on March 1, 2019.

Signature	Title
/s/ Adam P. Symson Adam P. Symson	President and Chief Executive Officer (Principal Executive Officer)
/s/ Lisa A. Knutson Lisa A. Knutson	Executive Vice President and Chief Financial Officer
/s/ Douglas F. Lyons Douglas F. Lyons	Senior Vice President, Controller and Treasurer (Principal Accounting Officer)
/s/ Charles Barmonde Charles Barmonde	Director
/s/ Richard A. Boehne Richard A. Boehne	Chairman of the Board of Directors
/s/ Kelly P. Conlin Kelly P. Conlin	Director
/s/ John W. Hayden John W. Hayden	Director
/s/ Anne M. La Dow Anne M. La Dow	Director
/s/ Roger L. Ogden Roger L. Ogden	Director
/s/ R. Michael Scagliotti	Director

R. Michael Scagliotti

/s/ Lauren R. Fine Lauren R. Fine	Director
/s/ Kim Williams Kim Williams	Director

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

Selected Financial Data
Five-Year Financial Highlights

(in millions, except per share data)	For the years ended December 31, 2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Summary of Operations (2)					
Total operating revenues (3)	$1,208	$877	$874	$654	$499
Income (loss) from continuing operations before income taxes	74	(32)	93	(112)	9
Income (loss) from continuing operations, net of tax	56	(12)	60	(74)	9
Depreciation and amortization of intangible assets	(64)	(56)	(55)	(50)	(32)
Per Share Data					
Income (loss) from continuing operations — diluted	$0.68	$(0.13)	$0.71	$(0.95)	$0.16
Cash dividends	0.20	—	—	1.03	—
Market Value of Common Shares at December 31					
Per share	$15.73	$15.63	$19.33	$19.00	$22.35
Total	1,269	1,276	1,585	1,591	1,274
Balance Sheet Data					
Total assets	$2,130	$2,130	$1,736	$1,706	$1,031
Long-term debt (including current portion)	696	702	396	399	196
Equity	926	937	946	901	520

Notes to Selected Financial Data

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

The statement of operations and cash flow data for the five years ended December 31, 2018, and the balance sheet data as of the same dates have been derived from our audited consolidated financial statements. All per-share amounts are presented on a diluted basis.

(1) 2018 — On November 30, 2018, we acquired Triton Digital Canada, Inc. Operating results are included for periods after the acquisition.

2017 — On October 2, 2017, we acquired the Katz networks. Operating results are included for periods after the acquisition.

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

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

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

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

- During the fourth quarter of 2018, we completed the sale of our radio station group.

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

(3) Only the years ended December 31, 2018, 2017 and 2016 have been retroactively-adjusted for the adoption of the new revenue standard on January 1, 2018.

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

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

Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to the Company's businesses that are based on management’s current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors.” The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

Executive Overview

The E.W. Scripps Company (“Scripps”) is a diverse media enterprise, serving audiences and businesses through a portfolio of local and national media brands. Our Local Media division is one of the nation’s largest independent TV station ownership groups. Following the completion of the Raycom Media acquisition in January 2019 and the anticipated closing of the Cordillera Communications, LLC acquisition in the second quarter of 2019, we will have 51 television stations in 36 markets and a reach of more than one in five U.S. television households. We have affiliations with all of the “Big Four” television networks. In our National Media division, we operate national media brands including podcast industry-leader, Stitcher, and its advertising network Midroll Media; next-generation national news network, Newsy; four national broadcast networks, the Katz networks; and the global leader in digital audio technology and measurement services, Triton. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee.

In 2018, management announced a comprehensive growth strategy for the Company to improve short-term performance and position itself for long-term growth in the form of a five-point plan.

The strategy began at the end of 2017 with a reorganization of our Company into Local Media and National Media divisions to better reflect how audiences and advertisers view our businesses.

We performed an analysis of our operating divisions and corporate cost structure in order to reduce expenses and improve both operating performance and company cash flow. We have incurred restructuring charges totaling $13.3 million since the third quarter of 2017 and have completed our plan to achieve $30 million in annualized cost reductions.

We executed on further optimizing our portfolio through the sale of our radio business. By the end of 2018, all 34 radio stations had been sold through multiple transactions for total consideration of $83.5 million.

We continue to pursue a television station acquisition strategy that allows us to assemble the best-performing portfolio possible. On January 1, 2019, we acquired ABC-affiliated stations in Waco, Texas and Tallahassee, Florida for $55 million in cash. Additionally, we have entered into a definitive agreement to acquire 15 top ranked and high performing television stations, serving 10 markets, for $521 million. Completion of the acquisition, which is anticipated to close in the second quarter of 2019, is subject to regulatory approvals and customary closing conditions. These acquisitions allow us to move into new markets that enhance our portfolio and will diversify our network affiliate mix.

We also are committed to the continued investment in our national media businesses for long-term growth. On November 30, 2018, we acquired Triton Digital Canada, Inc., a leading global digital audio infrastructure and audience measurement services company, for $150 million, net of cash acquired. We have increased our Newsy cable subscribers, Stitcher podcast listeners and Katz U.S. household reach through our investment in and creation of quality content.

Additionally, during 2018, we delivered value to shareholders through our share repurchase program and initiation of a quarterly dividend of 5 cents per share.

Results of Operations

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

Consolidated Results of Operations

Consolidated results of operations were as follows:

	For the years ended December 31,				
(in thousands)	2018	Change	2017	Change	2016
Operating revenues	$1,208,425	37.8 %	$876,972	0.3 %	$874,451
Employee compensation and benefits	(394,029)	7.2 %	(367,735)	7.0 %	(343,570)
Programming	(350,753)	53.4 %	(228,605)	32.4 %	(172,617)
Impairment of programming assets	(8,920)		—		—
Other expenses	(246,487)	32.6 %	(185,869)	6.9 %	(173,797)
Acquisition and related integration costs	(4,124)		—		(578)
Restructuring costs	(8,911)		(4,422)		—
Depreciation and amortization of intangible assets	(63,987)		(56,343)		(55,204)
Impairment of goodwill and intangible assets	—		(35,732)		—
Gains (losses), net on disposal of property and equipment	(1,255)		(169)		(480)
Operating income (loss)	129,959		(1,903)		128,205
Interest expense	(36,184)		(26,697)		(18,039)
Defined benefit pension plan expense	(19,752)		(14,112)		(14,332)
Miscellaneous, net	152		10,636		(2,646)
Income (loss) from continuing operations before income taxes	74,175		(32,076)		93,188
(Provision) benefit for income taxes	(18,098)		20,054		(33,266)
Income (loss) from continuing operations, net of tax	56,077		(12,022)		59,922
Income (loss) from discontinued operations, net of tax	(36,328)		(2,595)		7,313
Net income (loss)	19,749		(14,617)		67,235
Loss attributable to noncontrolling interest	(632)		(1,511)		—
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$20,381		$(13,106)		$67,235

Triton, Katz and Cracked were acquired on November 30, 2018, October 2, 2017, and April 12, 2016, respectively, and the inclusion of operating results from these businesses for the periods subsequent to their acquisitions impacts the comparability of our consolidated and segment operating results.

2018 compared with 2017

Operating revenues increased 37.8% in 2018. Higher retransmission and political revenues in our Local Media group and the inclusion of a full year of Katz revenues within our National Media group were the main contributors to the year-over-year revenue increases. Revenues from Katz were $186 million in 2018 compared to $41.0 million in 2017. Revenues from Triton for December 2018 were $3.3 million.

Employee compensation and benefits increased 7.2% in 2018, primarily driven by the expansion of our National Media group, including a full year of Katz expenses and one month of Triton expenses. This increase was partially offset by employee cost savings attributed to restructuring activities initiated in the fourth quarter of 2017.

Programming expense increased 53.4% in 2018, primarily due to higher network affiliation fees reflecting contractual rate increases, as well as a full year of programming costs for Katz.

In the fourth quarter of 2018, we incurred a non-cash impairment charge of $8.9 million related to our original programming show, Pickler & Ben, which will not be renewed for a third season.

Other expenses increased 32.6% in 2018 compared to the prior year, most of which was driven by a full year of expenses for Katz. Increases in marketing and promotion costs for our national brands, mainly Newsy and Stitcher, also contributed to the increase in other expenses in 2018.

Acquisition and related integration costs of $4.1 million in 2018 reflect professional service costs incurred to integrate Triton and the former Raycom stations, as well as costs incurred for the pending Cordillera acquisition.

Restructuring costs of $8.9 million in 2018 and $4.4 million in 2017 reflect severance, outside consulting fees and other costs associated with our previously announced changes in management and operating structure.

Depreciation and amortization expense increased from $56 million in 2017 to $64 million in 2018 mainly due to the acquisition of Katz in the fourth quarter of 2017.

The slower development of our original revenue model for Cracked created indications of impairment of goodwill as of September 30, 2017. We concluded that the fair value of Cracked did not exceed its carrying value as of September 30, 2017. We recorded a $29.4 million non-cash impairment charge in the three months ended September 30, 2017 to reduce the carrying value of goodwill and $6.3 million to reduce the carrying value of intangible assets.

Interest expense increased in 2018 due to the new debt issued to finance the Katz acquisition, the higher interest rate on the senior secured notes that were issued in April 2017 and from increases throughout the year in London Interbank Offering Rates ("LIBOR"), which is the benchmark upon which interest on our term loan B is based. Interest expense in 2017 includes a $2.4 million write-off of loan fees associated with the refinancing of our term loan B in the second quarter 2017.

Defined benefit pension plan expense in 2018 includes a $1.8 million non-cash settlement charge related to lump-sum distributions from our Supplemental Executive Retirement Plans and an $11.7 million non-cash settlement charge in connection with the merger of our Scripps Pension Plan into the Journal Communications, Inc. Plan and related transactions.

Miscellaneous, net in 2017 includes a $5.4 million gain on the change in control when we acquired Katz, a $3.0 million gain from the sale of our newspaper syndication business and other income of $3.2 million resulting from an adjustment to the Midroll Media acquisition purchase price earn out.

The effective income tax rate was 24.4% and 62.5% for 2018 and 2017, respectively. State taxes, non-deductible expenses, excess tax benefits or expense on share-based compensation, tax settlements and changes in our reserves for uncertain tax positions impacted our effective rate. Our 2018 provision includes $0.6 million of excess tax benefits from the exercise and vesting of share-based compensation awards. In 2017, we had a provisional estimated benefit of $4.2 million from the change in federal income tax rates for the enactment of the Tax Cuts and Jobs Act which reduced the corporate income tax rate from 35% to 21%.

2017 compared with 2016

Operating revenues were comparable year-over-year. We had higher retransmission and carriage revenues of $39 million and revenues in our National Media group increased more than $58 million. The increase in our National Media group revenues includes $41 million of revenues from Katz. These increases were offset by $92 million of lower political revenues from our Local Media group in a non-political year.

Employee compensation and benefits increased 7.0% in 2017, primarily driven by the expansion of our National Media group, including almost $5 million related to Katz.

Programming expense increased 32.4% in 2017, primarily due to $22 million of higher network affiliation fees and additional programming costs from Katz. Network affiliation fees increased due to contractual rate increases.

Other expenses increased approximately 6.9% in 2017, most of which was driven by Katz.

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

Depreciation and amortization expense increased slightly from $55 million in 2016 to $56 million in 2017 due to the acquisition of Katz.

Restructuring of $4.4 million in 2017 includes $3.5 million for severance associated with a change in senior management and other employee groups, as well as outside consulting fees associated with the realignment of the Local and National Media businesses.

Impairment of goodwill and intangible assets in 2017 reflects the non-cash impairment charge to reduce the carrying value of goodwill and intangible assets for our Cracked business.

Interest expense increased in 2017 due to a $2.4 million write-off of loan fees associated with our old term loan B which was refinanced in the second quarter of 2017, the higher interest rate on our new senior secured notes and additional interest on new debt issued to finance the Katz acquisition.

Miscellaneous, net increased in 2017 due to a $5.4 million gain on the change in control when we acquired Katz, a $3.0 million gain from the sale of our newspaper syndication business and other income of $3.2 million resulting from an adjustment to the Midroll Media acquisition purchase price earn out.

The effective income tax rate was 62.5% and 35.7% for 2017 and 2016, respectively. State taxes and non-deductible expenses impacted our effective rate. In 2017, we had a provisional estimated benefit of $4.2 million from the change in federal income tax rates for the enactment of the Tax Cuts and Jobs Act which reduced the corporate income tax rate from 35% to 21%. Our effective income tax rates for 2017 and 2016 were impacted by tax settlements and changes in our reserve for uncertain tax positions. Our 2016 provision includes $1.7 million of excess tax benefits from the exercise and vesting of share-based compensation awards.

Discontinued Operations

Discontinued operations reflect the historical results of our radio operations. We closed on the sale of our Tulsa radio stations on October 1, 2018, closed on the sales of our Milwaukee, Knoxville, Omaha, Springfield and Wichita radio stations on November 1, 2018 and closed on the sales of our Boise and Tucson radio stations on December 12, 2018.

In 2018 and 2017, results of discontinued operations included $25.9 million and $8 million, respectively, of non-cash impairment charges to write-down the goodwill of our radio business to fair value.

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

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

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

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

	For the years ended December 31,				
(in thousands)	2018	Change	2017	Change	2016
Segment operating revenues:					
Local Media	$917,480	17.9 %	$778,376	(6.8)%	$835,290
National Media	286,170		93,141		34,424
Other	4,775	(12.5)%	5,455	15.2 %	4,737
Total operating revenues	$1,208,425	37.8 %	$876,972	0.3 %	$874,451
Segment profit (loss):					
Local Media	$251,119	60.1 %	$156,890	(35.5)%	$243,298
National Media	13,920		(9,260)	(8.8)%	(10,156)
Other	(3,680)	55.9 %	(2,361)	(6.0)%	(2,513)
Shared services and corporate	(53,123)	5.2 %	(50,506)	9.4 %	(46,162)
Acquisition and related integration costs	(4,124)		—		(578)
Restructuring costs	(8,911)		(4,422)		—
Depreciation and amortization of intangible assets	(63,987)		(56,343)		(55,204)
Impairment of goodwill and intangible assets	—		(35,732)		—
Gains (losses), net on disposal of property and equipment	(1,255)		(169)		(480)
Interest expense	(36,184)		(26,697)		(18,039)
Defined benefit pension plan expense	(19,752)		(14,112)		(14,332)
Miscellaneous, net	152		10,636		(2,646)
Income (loss) from continuing operations before income taxes	$74,175		$(32,076)		$93,188

Local Media — Our Local Media segment includes our local broadcast stations and their related digital properties. It is comprised of fifteen ABC affiliates, five NBC affiliates, two FOX affiliates and two CBS affiliates. We also have two MyTV affiliates, one CW affiliate, two independent stations and four Azteca America Spanish-language affiliates. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunication companies and satellite carriers. We also receive retransmission fees from over-the-top virtual MVPDs such as YouTubeTV, DirectTV Now and Sony Vue.

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

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

Operating results for our Local Media segment were as follows:

	For the years ended December 31,				
(in thousands)	2018	Change	2017	Change	2016
Segment operating revenues:					
Core advertising	$465,275	(5.6)%	$492,633	(1.3)%	$499,227
Political	139,600		8,651		100,761
Retransmission	301,411	16.2 %	259,499	17.6 %	220,723
Other	11,194	(36.4)%	17,593	20.7 %	14,579
Total operating revenues	917,480	17.9 %	778,376	(6.8)%	835,290
Segment costs and expenses:					
Employee compensation and benefits	292,079	1.5 %	287,758	2.1 %	281,956
Programming	219,690	18.0 %	186,116	14.9 %	161,957
Impairment of programming assets	8,920		—		—
Other expenses	145,672	(1.3)%	147,612	(0.3)%	148,079
Total costs and expenses	666,361	7.2 %	621,486	5.0 %	591,992
Segment profit	$251,119	60.1 %	$156,890	(35.5)%	$243,298

2018 compared with 2017

Revenues

Total Local Media revenues increased 17.9% in 2018. Higher retransmission revenues and higher political advertising revenues from an even-year election cycle contributed to the increase in revenues. The increase in retransmission revenues was due to rate step-ups for approximately 5 million of our subscribers, as well as regular annual contractual rate increases. Political advertising revenues were $139.6 million, leading to displacement of core advertising revenues, which declined 5.6%. Following the acquisition of Katz on October 2, 2017, we no longer receive carriage fees from the Katz networks, which primarily represents the decrease in other revenues in 2018.

Costs and expenses

Employee compensation and benefits were relatively flat in 2018 compared to 2017.

Programming expense increased 18.0% in 2018 due to higher network affiliation fees as well as the costs of producing our original programming show, Pickler & Ben. Network affiliation fees increased $26.8 million in 2018 compared with 2017. Network affiliation fees have been increasing industry-wide due to higher rates on renewals, as well as year-over-year contractual rate increases. We expect that the rates on renewals may continue to increase over the next several years.

In the fourth quarter of 2018, we incurred a non-cash impairment charge of $8.9 million related to our original programming show, Pickler & Ben, which will not be renewed for a third season.

Lower marketing and promotion costs contributed to the decrease in other expenses in 2018 compared with 2017.
2017 compared with 2016
Revenues

Total Local Media revenues decreased 6.8% in 2017. Core advertising, which includes local and national spot revenues, as well as revenues from our digital sites, decreased by $6.6 million in 2017. The decrease was from weakness in our retail, food stores, media and auto categories, offset by improvement in communications, home improvement and services. Political revenues decreased by $92 million year-over-year in a non-presidential election year.

Retransmission revenues increased by almost $39 million as a result of contractual rate increases, more than offsetting a slight decline in subscribers. Retransmission contracts with cable and satellite television systems with 3 million subscribers were renewed in the fourth quarter of 2016. While we had not previously seen any significant declines in subscribers reported to us by cable and satellite television operators, we began to see declines as second quarter subscriber counts were reported to us in the third quarter.

Other revenues increased from an additional $3 million of fees we receive for a news production and services agreement. Upon the acquisition of Katz, we no longer receive carriage fees from the Katz networks which accounted for $8 million of other revenue in 2017.

Costs and expenses

Employee compensation and benefits increased 2.1% in 2017. The increase was primarily from merit increases and higher benefit costs.

Programming expense, which includes our network affiliation fees and other programming costs, increased nearly 15% in 2017 primarily due to $22 million of higher network affiliation license fees and the cost of producing our original programming show, Pickler & Ben, which aired for the first time in September 2017. Network affiliation fees have been increasing industry-wide due to higher rates on renewals, as well as contractual rate increases, and we expect that they may continue to increase over the next several years.

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

Operating results for our National Media segment were as follows:

	For the years ended December 31,				
(in thousands)	2018	Change	2017	Change	2016
Segment operating revenues:					
Katz	$185,852		$40,975		$—
Stitcher	51,063	63.7 %	31,199	51.5 %	20,588
Newsy	24,588		10,089		4,806
Triton	3,292		—		—
Other	21,375	96.5 %	10,878	20.5 %	9,030
Total operating revenues	286,170		93,141		34,424
Segment costs and expenses:					
Employee compensation and benefits	58,033	86.5 %	31,121	49.9 %	20,767
Programming	131,063		42,489		10,660
Other expenses	83,154		28,791		13,153
Total costs and expenses	272,250		102,401		44,580
Segment profit (loss)	$13,920		$(9,260)		$(10,156)

Our National Media businesses, Triton, Katz and Cracked, were acquired on November 30, 2018, October 2, 2017, and April 12, 2016, respectively. The inclusion of operating results from these businesses for the periods subsequent to the acquisitions impacts the comparability of our National Media segment operating results.

2018 compared with 2017

Revenues

National Media revenues increased $193 million in 2018. The results of Katz and Triton accounted for $148.2 million of the increase in 2018. The remainder of the increase is primarily driven by increased revenues from Stitcher and Newsy. Increases in Stitcher's revenues reflect advertising growth from existing podcasts, as well as the addition of new titles to its portfolio of podcasts. Newsy's revenues increased primarily from the growth of advertising on over-the-top platforms, as well as revenues from its expansion into cable in the fourth quarter of 2017.

Cost and Expenses

Employee compensation and benefits increased 86.5% or $26.9 million in 2018. Katz and Triton accounted for approximately $18 million of the increase. The remainder of the increase was attributable to the hiring of personnel to support the growth of our national brands, as well as higher bonus and commission expenses tied to revenue performance.

Programming expense includes the amortization of programming for Katz, podcast production costs and other programming costs. The increase in 2018 is primarily due to the inclusion of a full year of programming costs for Katz and additional programming costs for our podcast business. Programming costs for Katz were $92.7 million in 2018 compared to $22.9 million in 2017.

Other expenses increased $54.4 million in 2018. Katz and Triton accounted for $26.5 million of the increase. The remaining increase in other expenses for the year is primarily attributed to marketing, promotion and occupancy costs incurred to support the growth of our national brands.

2017 compared with 2016

Revenues

National Media revenues increased $58.7 million in 2017. The revenues from Katz reflect the revenue earned during the three months of 2017 that we owned the business. Excluding the results of Katz, revenues increased over 50% year-over-year, driven by Stitcher and Newsy. Stitcher's revenues increased from advertising growth from existing podcasts, as well as adding new titles to its portfolio. Newsy's revenues increased primarily from the growth of advertising of over-the-top platforms, as well as the new revenues from expansion into cable in the fourth quarter of 2017. The increase in other revenue is primarily from growth in our lifestyle brands.

Cost and Expenses

Costs and expenses increased $57.8 million in 2017, primarily due to the impact of Katz. Excluding the results of Katz, expenses increased approximately 50% for the year.

Employee compensation and benefits increased due to the impact of the Katz acquisition, as well as hiring people for our other National Media businesses.

Programming expense includes the amortization of programming for Katz, podcast production costs and other programming costs. The increase is primarily due to Katz's programming costs since its acquisition and additional programming costs for our podcast business.

Shared services and corporate

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

2018 compared with 2017

Shared services and corporate expenses were up year-over-year with $53.1 million in 2018 and $50.5 million in 2017. The increase is attributed to $3.4 million in costs incurred related to our 2018 proxy contest and incremental compensation accruals due to 2018 operating performance, partially offset by cost savings attributed to restructuring activities initiated in the fourth quarter of 2017.

2017 compared with 2016

Shared services and corporate expenses were up year-over-year with $50.5 million in 2017 and $46.2 million in 2016.

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

Operating activities

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Cash Flows from Operating Activities:			
Net income (loss)	$19,749	$(14,617)	$67,235
Income (loss) from discontinued operations, net of tax	(36,328)	(2,595)	7,313
Income (loss) from continuing operations, net of tax	56,077	(12,022)	59,922
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	63,987	56,343	55,204
Impairment of goodwill and intangible assets	—	35,732	—
Impairment of programming assets	8,920	—	—
Loss (gain) on disposition of investments	251	(6,106)	—
(Gains) losses on sale of property and equipment	1,255	169	480
Programming assets and liabilities	(12,788)	(9,172)	(2,327)
Deferred income taxes	19,354	(16,084)	38,794
Stock and deferred compensation plans	10,741	15,872	10,857
Pension expense, net of contributions	(4,052)	(6,738)	4,936
Other changes in certain working capital accounts, net	(16,159)	(22,190)	(33,646)
Miscellaneous, net	2,645	(5,619)	1,677
Net cash provided by operating activities from continuing operations	130,231	30,185	135,897
Net cash provided by operating activities from discontinued operations	10,680	10,667	10,596
Net operating activities	$140,911	$40,852	$146,493

2018 to 2017

The $100 million increase in cash provided by continuing operating activities was primarily attributable to a $113.5 million year-over-year increase in segment profit and changes in working capital in 2018 compared to 2017. These items were partially offset by the year-over-year net cash impact from increased programming investment of $3.6 million, $5.3 million of additional cash outlay related to our previously discussed restructuring initiatives and $14.7 million of higher interest payments. Additionally, in 2018 we made $3.5 million in payments to cable companies for agreeing to carry the Newsy network compared to the $6 million we paid in 2017.

2017 to 2016

The $106 million decrease in cash provided by continuing operating activities was primarily attributable to a $90 million year-over-year decrease in segment profit and changes in working capital in 2017 compared to 2016. Additionally, in 2017 and 2016, we contributed $21 million and $10 million, respectively, to our pension plans. In 2017, we made $6 million in payments to cable companies for agreeing to carry the Newsy network.

Investing activities

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	$(149,469)	$(280,940)	$(43,500)
Additions to property and equipment	(53,253)	(17,932)	(25,911)
Acquisition of intangible assets	(7,229)	(9,745)	—
Purchase of investments	(558)	(836)	(2,128)
Proceeds from FCC repack	1,530	—	—
Miscellaneous, net	2,307	12,886	147
Net cash used in investing activities from continuing operations	(206,672)	(296,567)	(71,392)
Net cash provided by (used in) investing activities from discontinued operations	79,188	(2,500)	(2,036)
Net investing activities	$(127,484)	$(299,067)	$(73,428)

In 2018, 2017 and 2016 we used $207 million, $297 million and $71 million, respectively, in cash for investing activities from continuing operations. The primary factors affecting our cash flows from investing activities for the years presented are described below.

- In 2018, we acquired Triton for $150 million, net of cash acquired.
- In 2018, capital expenditures increased $35 million. A significant portion of the increase was attributed to $17.9 million of capital expenditures incurred in 2018 related to the FCC repacking process. Additionally, National Media's capital expenditures increased $14.4 million year-over-year mainly as a result of one-time expenses incurred related to the expansion and renovation of office and studio space in our leased facilities that was needed to accommodate current and future growth of our national brands.
- In 2018 and 2017, we recognized other intangible assets of $5.8 million and $9.7 million, respectively, related to the acquisition of cable and satellite carriage rights for the launch of our Newsy cable network. Additionally, in 2018, we acquired the CourtTV trademark for $1.5 million.
- In 2017, we acquired Katz for $281 million, net of cash acquired.
- In 2016, we acquired Cracked for $39 million and Stitcher for $4.5 million.

Congress authorized the FCC to conduct so-called “incentive auctions” to auction and re-purpose broadcast television spectrum for mobile broadband use. In the repacking process associated with the auction, the FCC has reassigned some stations to new post-auction channels. We do not expect reassignment to new channels to have a material impact on our stations' broadcast signals as viewed in their markets. We received letters from the FCC in February 2017, notifying us that 17 of our stations have been assigned to new channels. The legislation authorizing the incentive auction and repack provides the FCC with up to a $2.75 billion fund to reimburse reasonable costs incurred by stations that are reassigned to new channels in the repack. We expect the FCC fund will be sufficient to cover the costs we would expect to incur for the repack and that our only potential funding risks would be limited to any disagreements with the FCC over reimbursement of expenditures incurred. Reimbursements provided by the FCC are recognized as the cash is received.
We expect to spend approximately $55 million through the end of 2020, of which, $20.8 million has been spent to date. We have submitted a total of $8.5 million in claims to the FCC for reimbursement, of which, $1.5 million has been received as of December 31, 2018.

Financing activities

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	$—	$700,000	$—
Payments on long-term debt	(5,656)	(393,927)	(6,635)
Deferred financing costs	—	(9,671)	—
Dividends paid	(16,395)	—	—
Repurchase of Class A Common shares	(32,323)	(17,885)	(44,401)
Proceeds from exercise of stock options	1,857	1,461	4,641
Tax payments related to shares withheld for vested stock and RSUs	(3,796)	(4,576)	(2,681)
Miscellaneous, net	1,316	(2,840)	(4,258)
Net cash provided by (used in) financing activities from continuing operations	$(54,997)	$272,562	$(53,334)

For continuing financing activities, cash used in financing activities was $55 million and $53 million in 2018 and 2016, respectively, while cash provided by financing activities was $273 million in 2017. The primary factors affecting our cash flows from financing activities are described below.

On April 28, 2017, we issued $400 million of senior unsecured notes ("the Senior Notes"), which bear interest at a rate of 5.125% per annum and mature on May 15, 2025. The proceeds of the Senior Notes were used to repay our old term loan B, for payment of the related issuance costs and for general corporate purposes.

On April 28, 2017, we also amended and restated our $100 million revolving credit facility ("Revolving Credit Facility"), increasing its capacity to $125 million and extending the maturity to April 2022. Interest is payable on the Revolving Credit Facility at rates based on LIBOR plus a margin based on our leverage ratio ranging from 1.75% to 2.50%. There were no borrowings under the revolving credit agreement in any of the periods presented. The revolving credit agreement includes certain financial covenants, which we were in compliance with at December 31, 2018 and 2017.

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

Our financing agreement includes the maintenance of a net leverage ratio if we borrow more than 20% on the Revolving Credit Facility. The term loan B requires that if we borrow additional amounts or make a permitted acquisition that we cannot exceed a stipulated net leverage ratio on a pro forma basis at the date of the transaction. We were in compliance with all financial covenants in the financing agreement at December 31, 2018 and 2017.

Our financing agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow, as defined, to repay debt. As of December 31, 2018, we were not required to make additional principal payments for excess cash flow.

Our $55 million acquisition of Waco, Texas and Tallahassee, Florida television stations, which closed in the first quarter of 2019, was financed through cash on hand at time of the closing. Our $521 million acquisition of Cordillera Communications, LLC is expected to close in the second quarter of 2019. We have obtained underwriting for financing the acquisition with incremental term loan B borrowings. Our existing term loan B and senior unsecured notes will remain in place.

We paid dividends of 5 cents per share for each of the four quarters of 2018. Total dividend payments to shareholders of our common stock in 2018 were $16.4 million. We currently expect that quarterly cash dividends will continue to be paid in the future. However, future dividends will be declared at the discretion of the Board and will depend on several factors including our results of operations, financial position, cash flow and other factors that the Board of Directors may deem relevant.

Our current share repurchase program allows the purchase of up to $100 million of our Class A Common shares through March 1, 2020. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. From March 15, 2018 through August 20, 2018, we were in a black out period for repurchasing shares while we negotiated the sales of our radio stations. On August 21, 2018, we entered into an Accelerated Share Repurchase ("ASR") agreement with JP Morgan to repurchase the Company’s common stock. We repurchased $32.3 million of shares during 2018, of which, $25 million was under the ASR agreement. We repurchased $17.9 million of shares at prices ranging from $14.05 and $23.01 per share and $44.4 million of shares at prices ranging from $12.84 to $19.51 per share in 2017 and 2016, respectively. As of December 31, 2018, we have $50.3 million outstanding under the current authorization.

In 2018, 2017 and 2016, we received $2 million, $1 million and $5 million, respectively, of proceeds from the exercise of employee stock options. We have not issued any stock options since 2008.

Other

We have met our funding requirements for our defined benefit pension plans under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. In 2019, we expect to contribute approximately $20 million in total to our defined benefit pension plans and our SERPs.
We expect that our cash and cash flows from operating activities will be sufficient to meet our operating and capital needs over the next 12 months.

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

Contractual Obligations

A summary of our contractual cash commitments as of December 31, 2018 is as follows:

(in thousands)	Less than 1 Year	Years 2 & 3	Years 4 & 5	Over 5 Years	Total
Long-term debt:					
Principal amounts	$3,000	$6,000	$6,000	$681,250	$696,250
Interest on debt	33,292	66,194	65,673	39,856	205,015
Programming:					
Program licenses, network affiliations and other programming commitments	296,650	658,632	142,261	425	1,097,968
Employee compensation and benefits:					
Deferred compensation and other post-employment benefits	1,277	2,656	2,560	13,860	20,353
Employment and talent contracts	47,115	39,042	1,646	202	88,005
Operating leases:					
Noncancelable	11,197	15,740	17,764	15,311	60,012
Cancelable	224	263	161	214	862
Pension obligations:					
Minimum pension funding	19,804	67,346	65,560	46,965	199,675
Other commitments:					
Noncancelable purchase and service commitments	31,857	2,609	65	—	34,531
Other purchase and service commitments	71,435	125,191	73,563	13,218	283,407
Total contractual cash obligations	$515,851	$983,673	$375,253	$811,301	$2,686,078

Long-term debt — Long-term debt includes the $400 million of unsecured senior notes and $296 million outstanding balance of our term loan B. The senior unsecured notes bear an interest rate of 5.125% per annum. Our term loan B bears interest at rates based on LIBOR plus a fixed margin of 2.00%. Interest will reduce to a rate of LIBOR plus a fixed margin of 1.75% if the Company's total net leverage, as defined by the amended agreement, is below 2.75. The rate on our term loan B was 4.34% at December 31, 2018. Amounts included in the table may differ from amounts actually paid due to changes in LIBOR. A 1% increase in LIBOR would result in an increase in annual interest payments of approximately $3 million.

Our Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. Principal payments included in the contractual obligations table reflect only scheduled principal payments and do not reflect any amounts that may be required to be paid under this provision. As of December 31, 2018, we were not required to make any additional principal payments for excess cash flow.

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

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

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

Operating Leases — We obtain certain office space under multi-year lease agreements. Leases for office space are generally not cancelable prior to their expiration.

Leases for operating and office equipment are generally cancelable by either party with 30 to 90 days notice. However, we expect such contracts will remain in force throughout the terms of the leases. The amounts included in the table above represent the amounts due under the agreements assuming the agreements are not canceled prior to their expiration.
We expect our operating leases will be renewed or replaced with similar agreements upon their expiration.
Pension Funding — We sponsor noncontributory defined benefit pension plans and non-qualified Supplemental Executive Retirement Plans ("SERPs").
Contractual commitments summarized in the contractual obligations table include payments to meet minimum funding requirements of our defined benefit pension plans and estimated benefit payments for our unfunded SERPs. Contractual pension obligations reflect anticipated minimum statutory pension contributions as of December 31, 2018, based upon pension funding regulations in effect at the time and our current pension assumptions regarding discount rates and returns on plan assets. Actual funding requirements may differ from amounts presented due to changes in discount rates, returns on plan assets or pension funding regulations that are in effect at the time.
Payments for the SERPs have been estimated over a ten-year period. Accordingly, the amounts in the “over 5 years” column include estimated payments for the periods of 2024-2028. While benefit payments under these plans are expected to continue beyond 2028, we do not believe it is practicable to estimate payments beyond this period.
Income Tax Obligations — The contractual obligations table does not include any reserves for income taxes recognized because we are unable to reasonably predict the ultimate amount or timing of settlement of our reserves for income taxes. As of December 31, 2018, our reserves for income taxes totaled $0.8 million, which is reflected as a long-term liability in our Consolidated Balance Sheet.
Purchase Commitments — We obtain audience ratings, market research and certain other services under multi-year agreements. These agreements are generally not cancelable prior to expiration of the service agreement. We expect such agreements will be renewed or replaced with similar agreements upon their expiration.

Katz has carriage agreements with local television broadcasters to carry one or more of the Katz networks. These carriage agreements are generally for a five-year term. Under these agreements, Katz either pays a fixed fee or a portion of revenues for the carriage rights.

We may also enter into contracts with certain vendors and suppliers. These contracts typically do not require the purchase of fixed or minimum quantities and generally may be terminated at any time without penalty. Included in the table of contractual obligations are purchase orders placed as of December 31, 2018. Purchase orders placed with vendors, including those with whom we maintain contractual relationships, are generally cancelable prior to shipment. While these vendor agreements do not require us to purchase a minimum quantity of goods or services, and we may generally cancel orders prior to shipment, we expect expenditures for goods and services in future periods will approximate those in prior years.

Critical Accounting Policies and Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make a variety of decisions that affect reported amounts and related disclosures, including the selection of appropriate accounting principles and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We are committed to incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.
Note 1 to our Consolidated Financial Statements describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. We believe the following to be the most critical accounting policies, estimates and assumptions affecting our reported amounts and related disclosures.

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

Goodwill and Other Indefinite-Lived Intangible Assets — Goodwill for each reporting unit must be tested for impairment on an annual basis or when events occur or circumstances change that would indicate the fair value of a reporting unit is below its carrying value. At December 31, 2018, we had $834 million of goodwill. If the fair value of the reporting unit is less than its carrying value, we may be required to record an impairment charge.

The following is goodwill by reporting unit as of December 31, 2018:

(in thousands)

Local Media group	$491,219
Katz	203,760
Triton	83,876
Stitcher	47,176
Newsy	7,982
Total goodwill	$834,013

For our annual goodwill impairment testing, we utilized the quantitative approach for performing our test. Under that approach, we determine the fair value of our reporting unit generally using market data, appraised values and discounted cash flow analyses. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the business and the period of time over which those cash flows will occur, as well as to determine an appropriate discount rate. The determination of the discount rate is based on a cost of capital model, using a risk-free rate, adjusted by a stock-beta adjusted risk premium and a size premium. While we believe the estimates and judgments used in determining the fair values were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates, could produce a different estimate of fair value. The estimate of fair value assumes certain growth of our businesses, which, if not achieved, could impact the fair value and possibly result in an impairment of the goodwill. Our annual impairment testing for goodwill indicated that the fair value of our Local Media reporting unit exceeded its carrying value by over 50% and our other reporting units exceeded their carrying value by over 15%, except for Triton. The carrying value of Triton approximates its fair value due to its recent acquisition.

We have determined that our FCC licenses are indefinite lived assets and not subject to amortization. At December 31, 2018, the carrying value of our television FCC licenses was $157 million, which are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. We compare the estimated fair value of each individual FCC license to its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair value is estimated using an income approach referred to as the “Greenfield Approach,” which requires multiple assumptions relating to the future prospects of each individual FCC license. The fair value of the FCC license is sensitive to each of the assumptions used in the Greenfield Approach and a change in any individual assumption could result in the fair value being less than the carrying value of the asset and an impairment charge being recorded. For example, a 50 basis point increase in the discount rate would reduce the aggregate fair value of the FCC licenses by more than $25 million. Our annual impairment testing for our FCC licenses indicated that their fair value exceeded their recorded value.

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

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

The assumptions used in accounting for our defined benefit pension plans for 2018 and 2017 are as follows:

	2018	2017
Discount rate for expense	3.71% - 4.58%	4.26 %
Discount rate for obligations	4.38 %	3.70 %
Long-term rate of return on plan assets for expense	5.10 %	4.20%-4.30%

The discount rate used to determine our future pension obligations is based upon a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans. The rate is determined each year at the plan measurement date and affects the succeeding year's pension cost. Discount rates can change from year to year based on economic conditions that impact corporate bond yields. A 50 basis point increase or decrease in the discount rate would decrease or increase our pension obligations as of December 31, 2018, by approximately $32.8 million and decrease or increase 2019 pension expense by less than $0.1 million.

Under our asset allocation strategy, approximately 45% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 55% of plan assets are invested in equity securities and other return-seeking assets. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed. A decrease in the expected rate of return on plan assets increases pension expense. A 50 basis point change in the 2019 expected long-term rate of return on plan assets would increase or decrease our 2019 pension expense by approximately $1.8 million.

We had unrecognized accumulated other comprehensive loss for our pension plans and SERPs of $126 million at December 31, 2018. Unrealized actuarial gains and losses result from deferred recognition of differences between our actuarial assumptions and actual results. In 2018, we had an actuarial loss of $6.7 million. Based on our current assumptions, we anticipate that 2019 pension expense will include $2.5 million in amortization of accumulated other comprehensive loss.

Recently Adopted Standards and Issued Accounting Standards

Refer to Note 2. Recently Adopted and Issued Accounting Standards of the Notes to Consolidated Financial Statements for further discussion.

Quantitative and Qualitative Disclosures about Market Risk

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

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

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

(in thousands)	As of December 31, 2018		As of December 31, 2017	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Variable rate credit facility	$—	$—	$—	$—
Senior unsecured notes	400,000	374,000	400,000	400,000
Term loan B	296,250	288,844	299,250	300,935
Unsecured subordinated notes	—	—	2,656	2,637
Long-term debt, including current portion	$696,250	$662,844	$701,906	$703,572

Financial instruments subject to market value risk:				
Investments held at cost	$4,114	(a)	$4,603	(a)

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

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

As required by Section 404 of the Sarbanes Oxley Act of 2002, management assessed the effectiveness of The E.W. Scripps Company and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2018. Management's assessment is based on the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2018.

We acquired Triton Digital Canada, Inc. on November 30, 2018. This business has total assets of approximately $180 million, or approximately 9%, of our total assets as of December 31, 2018 and revenues of $3.3 million, or less than 1%, of our total revenues for the year ended December 31, 2018. We have excluded this business from management's reporting on internal control over financial reporting, as permitted by SEC guidance, for the year ended December 31, 2018.

The Company's independent registered public accounting firm has issued an attestation report on our internal control over financial reporting as of December 31, 2018. This report appears on page F-23.

Date: March 1, 2019

BY:

/s/ Adam P. Symson

Adam P. Symson

President and Chief Executive Officer

/s/ Lisa A. Knutson

Lisa A. Knutson

Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The E.W. Scripps Company and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income (loss), cash flows and equity, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
March 1, 2019

We have served as the Company’s auditor since at least 1961; however, an earlier year could not be reliably determined.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of The E.W. Scripps Company and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated March 1, 2019, expressed an unqualified opinion on those financial statements.

As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Triton Digital Canada, Inc., which was acquired on November 30, 2018 and whose financial statements constitute 9% of total assets and less than 1% of revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Accordingly, our audit did not include the internal control over financial reporting at Triton Digital Canada, Inc.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

a material effect on the financial statements.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
March 1, 2019

The E.W. Scripps Company
Consolidated Balance Sheets

(in thousands, except share data)	As of December 31, 2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$107,114	$148,699
Accounts and notes receivable (less allowances — $4,371 and $1,949)	281,330	245,365
Programming	34,432	53,468
FCC repack receivable	19,242	—
Miscellaneous	28,899	21,998
Assets held for sale	—	136,004
Total current assets	471,017	605,534
Investments	7,162	7,699
Property and equipment	237,927	209,995
Goodwill	834,013	755,949
Other intangible assets	478,953	425,975
Programming (less current portion)	75,333	85,269
Deferred income taxes	9,141	20,076
Miscellaneous	16,515	19,051
Total Assets	$2,130,061	$2,129,548
Liabilities and Equity		
Current liabilities:		
Accounts payable	$26,919	$23,647
Unearned revenue	11,459	7,353
Current portion of long-term debt	3,000	5,656
Accrued liabilities:		
Employee compensation and benefits	44,929	41,939
Miscellaneous	46,112	44,396
Programming liability	40,301	58,176
Other current liabilities	25,339	10,085
Liabilities held for sale	—	19,536
Total current liabilities	198,059	210,788
Long-term debt (less current portion)	685,764	687,619
Deferred income taxes	25,531	—
Other liabilities (less current portion)	294,542	293,656
Commitments and contingencies (Note 16)		
Equity:		
Preferred stock, $.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Common stock, $.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 2018 - 68,736,867 shares; 2017 - 69,699,105 shares	688	697
Voting — authorized: 60,000,000 shares; issued and outstanding: 2018 - 11,932,722 shares; 2017 - 11,932,722 shares	119	119
Total	807	816
Additional paid-in capital	1,106,984	1,129,020

Accumulated deficit	(86,229)	(90,061)
Accumulated other comprehensive loss, net of income taxes	(95,397)	(102,922)
Total The E.W. Scripps Company shareholders' equity	926,165	936,853
Noncontrolling interest	—	632
Total equity	926,165	937,485
Total Liabilities and Equity	$2,130,061	$2,129,548

See notes to consolidated financial statements.

The E.W. Scripps Company
Consolidated Statements of Operations

(in thousands, except per share data)	For the years ended December 31, 2018	2017	2016
Operating Revenues:			
Advertising	$836,049	$563,879	$608,748
Retransmission and carriage	304,402	259,712	220,723
Other	67,974	53,381	44,980
Total operating revenues	1,208,425	876,972	874,451
Costs and Expenses:			
Employee compensation and benefits	394,029	367,735	343,570
Programming	350,753	228,605	172,617
Impairment of programming assets	8,920	—	—
Other expenses	246,487	185,869	173,797
Acquisition and related integration costs	4,124	—	578
Restructuring costs	8,911	4,422	—
Total costs and expenses	1,013,224	786,631	690,562
Depreciation, Amortization, and (Gains) Losses:			
Depreciation	34,641	34,049	32,474
Amortization of intangible assets	29,346	22,294	22,730
Impairment of goodwill and intangible assets	—	35,732	—
(Gains) losses, net on disposal of property and equipment	1,255	169	480
Net depreciation, amortization, and (gains) losses	65,242	92,244	55,684
Operating income (loss)	129,959	(1,903)	128,205
Interest expense	(36,184)	(26,697)	(18,039)
Defined benefit pension plan expense	(19,752)	(14,112)	(14,332)
Miscellaneous, net	152	10,636	(2,646)
Income (loss) from continuing operations before income taxes	74,175	(32,076)	93,188
Provision (benefit) for income taxes	18,098	(20,054)	33,266
Income (loss) from continuing operations, net of tax	56,077	(12,022)	59,922
Income (loss) from discontinued operations, net of tax	(36,328)	(2,595)	7,313
Net income (loss)	19,749	(14,617)	67,235
Loss attributable to noncontrolling interest	(632)	(1,511)	—
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$20,381	$(13,106)	$67,235
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:			
Income (loss) from continuing operations	$0.69	$(0.13)	$0.71
Income (loss) from discontinued operations	(0.44)	(0.03)	0.09
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company	$0.25	$(0.16)	$0.80
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:			
Income (loss) from continuing operations	$0.68	$(0.13)	$0.71
Income (loss) from discontinued operations	(0.44)	(0.03)	0.09
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company	$0.24	$(0.16)	$0.80

Weighted average shares outstanding:			
Basic	81,369	82,052	83,339
Diluted	81,927	82,052	83,639

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

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Net income (loss)	$19,749	$(14,617)	$67,235
Changes in fair value of derivative, net of tax of $0, $0 and $142	—	—	242
Changes in defined benefit pension plans, net of tax of $2,557, $4,152, and $(2,455)	7,590	10,150	(3,936)
Other, net of tax of $(22), $(136) and $102	(65)	(355)	149
Total comprehensive income (loss)	27,274	(4,822)	63,690
Less comprehensive income (loss) attributable to noncontrolling interest	(632)	(1,511)	—
Total comprehensive income (loss) attributable to the shareholders of The E.W. Scripps Company	$27,906	$(3,311)	$63,690

See notes to consolidated financial statements.

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Cash Flows from Operating Activities:			
Net income (loss)	$19,749	$(14,617)	$67,235
Income (loss) from discontinued operations, net of tax	(36,328)	(2,595)	7,313
Income (loss) from continuing operations, net of tax	56,077	(12,022)	59,922
Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	63,987	56,343	55,204
Impairment of goodwill and intangible assets	—	35,732	—
Impairment of programming assets	8,920	—	—
Loss (gain) on disposition of investments	251	(6,106)	—
(Gains) losses on sale of property and equipment	1,255	169	480
Programming assets and liabilities	(12,788)	(9,172)	(2,327)
Deferred income taxes	19,354	(16,084)	38,794
Stock and deferred compensation plans	10,741	15,872	10,857
Pension expense, net of contributions	(4,052)	(6,738)	4,936
Other changes in certain working capital accounts, net	(16,159)	(22,190)	(33,646)
Miscellaneous, net	2,645	(5,619)	1,677
Net cash provided by operating activities from continuing operations	130,231	30,185	135,897
Net cash provided by operating activities from discontinued operations	10,680	10,667	10,596
Net operating activities	140,911	40,852	146,493
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	(149,469)	(280,940)	(43,500)
Additions to property and equipment	(53,253)	(17,932)	(25,911)
Acquisition of intangible assets	(7,229)	(9,745)	—
Purchase of investments	(558)	(836)	(2,128)
Proceeds from FCC repack	1,530	—	—
Miscellaneous, net	2,307	12,886	147
Net cash used in investing activities from continuing operations	(206,672)	(296,567)	(71,392)
Net cash provided by (used in) investing activities from discontinued operations	79,188	(2,500)	(2,036)
Net investing activities	(127,484)	(299,067)	(73,428)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	—	700,000	—
Payments on long-term debt	(5,656)	(393,927)	(6,635)
Deferred financing costs	—	(9,671)	—
Dividends paid	(16,395)	—	—
Repurchase of Class A Common shares	(32,323)	(17,885)	(44,401)
Proceeds from exercise of stock options	1,857	1,461	4,641
Tax payments related to shares withheld for vested stock and RSUs	(3,796)	(4,576)	(2,681)
Miscellaneous, net	1,316	(2,840)	(4,258)
Net cash provided by (used in) financing activities from continuing operations	(54,997)	272,562	(53,334)
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	(15)	—	—
Increase (decrease) in cash, cash equivalents and restricted cash	(41,585)	14,347	19,731
Cash, cash equivalents and restricted cash:			
Beginning of year	148,699	134,352	114,621

End of year	$107,114	$148,699	$134,352
Supplemental Cash Flow Disclosures			
Interest paid	$33,673	$18,956	$15,620
Income taxes paid	$3,729	$1,756	$1,100
Non-cash investing information			
Capital expenditures included in accounts payable	$693	$286	$102

See notes to consolidated financial statements.

The E.W. Scripps Company
Consolidated Statements of Equity

(in thousands, except share data)	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Noncontrolling Interests	Total Equity
As of December 31, 2015, as originally reported	$ 838	$ 1,163,985	$ (174,038)	$ (89,802)	$ —	$ 900,983
Adoption of new accounting guidance	—	(58)	14,808	—	—	14,750
As of January 1, 2016, as adjusted	838	1,163,927	(159,230)	(89,802)	—	915,733
Comprehensive income (loss)	—	—	67,235	(3,545)	—	63,690
Repurchase 2,711,865 Class A Common Shares	(27)	(42,292)	(2,082)	—	—	(44,401)
Compensation plans: 867,196 net shares issued*	8	10,905	—	—	—	10,913
As of December 31, 2016	819	1,132,540	(94,077)	(93,347)	—	945,935
Minority interest contribution to subsidiary	—	—	—	—	2,143	2,143
Comprehensive income (loss)	—	—	(13,106)	9,795	(1,511)	(4,822)
Repurchase 1,004,451 Class A Common Shares	(10)	(15,627)	(2,248)	—	—	(17,885)
Compensation plans: 661,256 net shares issued *	7	12,107	—	—	—	12,114
Reclassification of disproportionate tax effects from AOCI	—	—	19,370	(19,370)	—	—
As of December 31, 2017	816	1,129,020	(90,061)	(102,922)	632	937,485
Comprehensive income (loss)	—	—	20,381	7,525	(632)	27,274
Cash dividend: declared and paid - $0.20 per share	—	—	(16,395)	—	—	(16,395)
Repurchase 1,813,249 Class A Common Shares	(18)	(32,151)	(154)	—	—	(32,323)
Compensation plans: 851,011 net shares issued *	9	10,115	—	—	—	10,124
As of December 31, 2018	$ 807	$ 1,106,984	$ (86,229)	$ (95,397)	$ —	$ 926,165

* Net of tax payments related to shares withheld for vested stock and RSUs of $3,796 in 2018, $4,576 in 2017 and $2,681 in 2016.

See notes to consolidated financial statements.

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

1. Summary of Significant Accounting Policies
As used in the Notes to Consolidated Financial Statements, the terms “Scripps,” “Company,” “we,” “our,” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies or to all of them taken as a whole.
Nature of Operations — We are a diverse media enterprise, serving audiences and businesses through a portfolio of local and national media brands. All of our media businesses provide content and advertising services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: Local Media, National Media and Other.

Basis of Presentation — Certain amounts in prior periods have been reclassified to conform to the current period’s presentation.
Concentration Risks — Our operations are geographically dispersed and we have a diverse customer base. We believe bad debt losses resulting from default by a single customer, or defaults by customers in any depressed region or business sector, would not have a material effect on our financial position, results of operations or cash flows.
We derive approximately 69% of our operating revenues from advertising. Changes in the demand for such services, both nationally and in individual markets, can affect operating results.
Use of Estimates — Preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions.

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets, goodwill and indefinite lived assets; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; the fair value of assets acquired and liabilities assumed in business combinations; and self-insured risks.
While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could differ from those estimated at the time of preparation of the financial statements.
Consolidation — The consolidated financial statements include the accounts of The E.W. Scripps Company and its majority-owned subsidiary companies. Investments in 20%-to-50%-owned companies where we exert significant influence and all 50%-or-less-owned partnerships and limited liability companies are accounted for using the equity method. We do not hold any interests in variable interest entities. All significant intercompany transactions have been eliminated.
Nature of Products and Services — The following is a description of principal activities from which we generate revenue.
Core Advertising — Core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast air time, as well as digital advertising. Pricing of advertising time is based on audience size and share, the demographic of our audiences and the demand for our limited inventory of commercial time. Advertising time is sold through a combination of local sales staff and national sales representative firms. Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.
Political Advertising — Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state and local issues. It is also sold to political action groups (PACs) or other advocacy groups.

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

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

Refer to Note 15. Segment Information for further information, including revenue by significant product and service offering.

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

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

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

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

Refer to Note 2. Recently Adopted and Issued Accounting Standards for further information on the adoption of the new revenue recognition standard.

Transaction Price Allocated to Remaining Performance Obligations — As of December 31, 2018, we had an aggregate transaction price of $68.9 million allocated to unsatisfied performance obligations related to contracts within our Triton business. We expect to recognize revenue on 92% of these remaining performance obligations over the next 24 months and the remainder thereafter.

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

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

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

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

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience and other currently available evidence. A rollforward of the allowance for doubtful accounts is as follows:
(in thousands)

January 1, 2016	$1,517
Charged to costs and expenses	1,601
Amounts charged off, net	(1,628)
Balance as of December 31, 2016	1,490
Charged to costs and expenses	1,407
Amounts charged off, net	(948)
Balance as of December 31, 2017	1,949
Charged to costs and expenses	3,767
Amounts charged off, net	(1,345)
Balance as of December 31, 2018	$4,371

We record unearned revenue when cash payments are received in advance of our performance. We generally require amounts payable under advertising contracts with political advertising customers to be paid in advance. Unearned revenue totaled $11.5 million at December 31, 2018 and is expected to be recognized within revenue over the next 12 months. Unearned revenue totaled $7.4 million at December 31, 2017.

Assets Recognized from the Costs to Obtain a Contract with a Customer— We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We apply and use the practical expedient in the revenue guidance to expense costs as incurred for costs to obtain a contract when the amortization period is one year or less. This expedient applies to advertising sales commissions since advertising contracts are short-term in nature. In addition, we also may provide inducement payments to secure carriage agreements with distributors of our content. These inducement payments are capitalized and amortized to expense over the term of the distribution contract. Capitalized costs to obtain a contract with a customer totaled $9.7 million at December 31, 2018 and $8.0 million at December 31, 2017 and are included within miscellaneous assets on our Consolidated Balance Sheets. Amortization of these costs totaled $1.0 million in 2018.

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

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

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

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

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

Office and other equipment	3 to 10 years

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Programming — Programming includes the cost of national television network programming, programming produced by us or for us by independent production companies and programs licensed under agreements with independent producers.

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

Program licenses principally consist of television series and films. Program licenses generally have fixed terms, limit the number of times we can air the programs and require payments over the terms of the licenses. We record licensed program assets and liabilities when the license period has commenced and the programs are available for broadcast. We do not discount program licenses for imputed interest. We amortize program licenses based upon expected cash flows over the term of the license agreement or on a straight-line basis. We classify the portion of the unamortized balance expected to be amortized within one year as a current asset.

The costs of programming produced by us or for us by independent production companies is charged to expense over estimated useful lives based upon expected future cash flows. Internal costs, including employee compensation and benefits, to produce daily or live broadcast shows, such as news, sports or daily magazine shows, are expensed as incurred and are not classified in our Consolidated Statements of Operations as program costs, but are classified based on the type of cost incurred.

Progress payments on programs not yet available for broadcast are recorded as deposits within programming assets.

We review the net realizable value of program assets for impairment using a day-part methodology if the programming is for our local broadcast stations, whereby programs broadcast during a particular time period, such as prime time, are evaluated on an aggregate basis. Programming for our over-the-air broadcast network is reviewed for impairment using the individual network methodology.

For our program assets available for broadcast, estimated amortization for each of the next five years is $39.7 million in 2019, $30.6 million in 2020, $21.9 million in 2021, $8.7 million in 2022, $1.6 million in 2023 and $0.6 million thereafter. Actual amortization in each of the next five years will exceed the amounts currently recorded as program assets available for broadcast, as we will continue to produce and license additional programs.

Program rights liabilities payable within the next twelve months are included as current liabilities and noncurrent program rights liabilities are included in other noncurrent liabilities.

FCC Repack — In April 2017, the Federal Communications Commission (the “FCC”) began a process of reallocating the broadcast spectrum (the “repack”). Specifically, the FCC is requiring certain television stations to change channels and/or modify their transmission facilities. The U.S. Congress passed legislation which provides the FCC with a fund to reimburse all reasonable costs incurred by stations operating under a full power license and a portion of the costs incurred by stations operating under a low power license that are reassigned to new channels.

We record an FCC repack receivable for the amount of reimbursable costs due from the FCC, which totaled $19.2 million at December 31, 2018. The total amount of consideration currently due or that has been collected from the FCC is recorded as a deferred liability and will be recognized against depreciation expense in the same manner that the underlying FCC repack fixed assets are depreciated. Deferred FCC repack income totaled $20.6 million at December 31, 2018.

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

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

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

We review goodwill for impairment based upon our reporting units, which are defined as operating segments or groupings of businesses one level below the operating segment level. Reporting units with similar economic characteristics are aggregated into a single unit when testing goodwill for impairment. Our reporting units are our Local Media group, Katz, Stitcher, Triton and Newsy.

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

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

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

Self-Insured Risks — We are self-insured, up to certain limits, for general and automobile liability, employee health, disability and workers' compensation claims and certain other risks. Estimated liabilities for unpaid claims totaled $9.8 million at December 31, 2018 and 2017. We estimate liabilities for unpaid claims using actuarial methodologies and our historical claims experience. While we re-evaluate our assumptions and review our claims experience on an ongoing basis, actual claims paid could vary significantly from estimated claims, which would require adjustments to expense. Based on the terms of the Master Transaction Agreement with Journal Media Group ("Journal"), Scripps remains the primary obligor for newspaper insurance claims incurred prior to April 1, 2015. We recorded the liabilities related to these claims on our Consolidated Balance Sheets with an offsetting receivable of $1.7 million, which will be paid by Journal.

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

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

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

Stock-Based Compensation — We have a Long-Term Incentive Plan (the "Plan") which is described more fully in Note 17. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs) and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

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

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

Compensation costs are recognized on a straight-line basis over the requisite service period of the award. The impact of forfeitures is recognized as they occur. The requisite service period is generally the vesting period stated in the award. Grants to retirement-eligible employees are expensed immediately and grants to employees who will become retirement eligible prior to the end of the stated vesting period are expensed over such shorter period because stock compensation grants vest upon the retirement of the employee.

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

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Numerator (for basic and diluted earnings per share)			
Income (loss) from continuing operations, net of tax	$56,077	$(12,022)	$59,922
Loss attributable to noncontrolling interest	632	1,511	—
Less income allocated to RSUs	(908)	—	(817)
Numerator for basic and diluted earnings per share from continuing operations attributable to the shareholders of The E.W. Scripps Company	$55,801	$(10,511)	$59,105
Denominator			
Basic weighted-average shares outstanding	81,369	82,052	83,339
Effect of dilutive securities:			
Stock options and restricted stock units	558	—	300
Diluted weighted-average shares outstanding	81,927	82,052	83,639
Anti-dilutive securities[1]	—	1,220	—

(1) Amount outstanding at balance sheet date, before application of the treasury stock method and not weighted for period outstanding.

For the year ended December 31, 2017, we incurred a net loss and the inclusion of RSUs and stock options would have been anti-dilutive, and accordingly the diluted EPS calculation for the period excludes those common share equivalents.

2. Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards — In August 2016, the Financial Accounting Standards Board ("FASB") issued new guidance related to classification of certain cash receipts and payments in the statement of cash flows. This new guidance was issued with the objective of reducing diversity in practice around eight specific types of cash flows. The new guidance was effective for us January 1, 2018 and did not have an impact on our Consolidated Statements of Cash Flows.

In January 2016, the FASB issued new guidance on the recognition and measurement of financial instruments. This guidance primarily affects the accounting for equity method investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The new standard was effective for us on January 1, 2018 and did not have an impact on our consolidated financial statements.

In May 2014, the FASB issued a new standard related to revenue recognition. Under this standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The standard creates a five-step process that requires entities to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. In addition, the standard requires expanded footnote disclosure.

We adopted this standard on January 1, 2018, using the full retrospective method. Regarding our advertising contracts, which comprised 69% of 2018 operating revenues, the contracts are short-term in nature with transaction price consideration agreed upon in advance. Revenue on broadcast advertising spots continues to be recognized when commercials are aired. Online advertising revenue earned through the display of digital advertisements across various digital platforms typically takes the form of an impression-based contract, fixed fee time-based contract or transaction-based contract. Revenue continues to be recognized evenly over the contract term for fixed fee contracts where a minimum number of impressions or click-throughs is not guaranteed. Revenue is recognized as the service is delivered for impression and transaction-based contracts. Retransmission revenue, which comprised 25% of 2018 operating revenues, is recognized under the licensing of intellectual property guidance in the standard, which did not result in a change to our previous revenue recognition.

The only identified impacts of the standard were to record certain revenue transactions on a gross basis that were previously recorded on a net basis and to no longer recognize barter revenue and expense related to syndicated programming.

Adoption of this standard on January 1, 2018 using the full retrospective method required us to adjust certain previously reported results. The following tables present the impact of adoption of the standard on our Consolidated Statements of Operations:

	Year Ended December 31, 2017		
(in thousands)	As Previously Reported	Adjustments for Adoption of New Revenue Standard	As Adjusted
Operating Revenues:			
Advertising	$564,708	$ (829)	$563,879
Retransmission and carriage	259,712	—	259,712
Other	40,414	12,967	53,381
Total operating revenues	864,834	12,138	876,972
Costs and Expenses:			
Employee compensation and benefits	367,735	—	367,735
Programming	216,467	12,138	228,605
Other expenses	185,869	—	185,869
Restructuring costs	4,422	—	4,422
Total costs and expenses	$774,493	$ 12,138	$786,631

	Year Ended December 31, 2016		
(in thousands)	As Previously Reported	Adjustments for Adoption of New Revenue Standard	As Adjusted
Operating Revenues:			
Advertising	$609,612	$ (864)	$608,748
Retransmission and carriage	220,723	—	220,723
Other	38,485	6,495	44,980
Total operating revenues	868,820	5,631	874,451

Costs and Expenses:			
Employee compensation and benefits	343,570	—	343,570
Programming	166,986	5,631	172,617
Other expenses	173,797	—	173,797
Acquisition and related integration costs	578	—	578
Total costs and expenses	$684,931	$ 5,631	$690,562

Adoption of the new revenue recognition standard had no impact on our Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows or Consolidated Statements of Equity.

In March 2017, the FASB issued new guidance on the presentation of net periodic benefit cost in the statement of operations. It requires entities to disaggregate the current service cost component from the other components of net benefit cost. The service cost is presented with other current compensation costs in the statement of operations, while the other components are presented outside of operating income. We elected to retrospectively adopt this guidance as of January 1, 2017. We do not have any service cost associated with our net periodic benefit cost, as such, the impact of adopting this new guidance was to reclassify our defined benefit pension plan expense out of operating costs and expenses and to classify it as a non-operating expense below operating income.

In March 2016, the FASB issued new guidance which simplifies the accounting for share-based compensation arrangements, including the related income tax consequences and classification in the statement of cash flows. We elected to adopt this guidance effective January 1, 2016. The adoption used the modified retrospective transition method which had no impact on prior years. The impact of adopting this guidance was to record $14.7 million of previously unrecognized tax benefits, increasing deferred tax assets and retained earnings as of December 31, 2015.

In February 2018, the FASB issued new guidance that permits companies to reclassify the disproportionate tax effect in accumulated other comprehensive income ("AOCI") caused by the Tax Cuts and Jobs Act of 2017. We have adopted this guidance as of December 31, 2017. The impact of the adoption was to reclassify $19.4 million of tax effects related to our defined benefits plans from AOCI to retained earnings.

Recently Issued Accounting Standards — In August 2018, the FASB issued new guidance to address a customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The new guidance aligns the accounting for costs incurred to implement a CCA that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements, as well as the timing of adoption.

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

In June 2016, the FASB issued new guidance that changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking “expected loss” model that will replace today’s “incurred loss” model, which generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to current practice, except that the losses will be recognized as an allowance. The guidance is effective in 2020 with early adoption permitted in 2019. We are currently evaluating the impact of this guidance on our consolidated financial statements, as well as the timing of adoption.

In February 2016, the FASB issued new guidance on the accounting for leases. Under this guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. In July 2018, the FASB approved amendments to create an optional transition method. The amendments provide an option to implement the new leasing standard through a cumulative-effect adjustment in the period of adoption without having to restate the comparative periods presented. We will adopt the standard in the first quarter of 2019 and elect this transition method to apply the standard prospectively. We are finalizing procedures to validate the completeness of arrangements that qualify as a lease and currently anticipate the implementation of the standard will result in the recognition of right-of-use assets and lease liabilities for operating leases of approximately $50 million as of January 1, 2019.

3. Acquisitions

Triton

On November 30, 2018, we acquired Triton Digital Canada, Inc. ("Triton") for total cash consideration of $160 million. Assets acquired in the transaction included approximately $10.5 million of cash. The transaction was funded with cash on hand at time of closing. Triton is a leading global digital audio infrastructure and audience measurement services company. Triton's infrastructure and ad-serving solutions deliver live and on-demand audio streams and insert advertisements into those streams. Triton's data and measurement service is recognized as the currency by which publishers sell digital audio advertising.

From the acquisition date of November 30, 2018 through December 31, 2018, revenues from the Triton operations were $3.3 million.

The following table summarizes the preliminary fair values of the Triton assets acquired and liabilities assumed at the closing date.
(in thousands)

Cash	$10,515
Accounts receivable	8,650
Other current assets	679
Property and equipment	705
Goodwill	83,876
Other intangible assets	75,000
Accounts payable	(1,881)
Accrued expenses	(2,964)
Other current liabilities	(19)
Deferred tax liability	(14,577)
Total purchase price	$159,984

Of the $75 million allocated to intangible assets, $39 million was assigned to various developed technologies for audience measurement, content delivery and advertising with lives ranging from 8-12 years, $31 million was assigned to customer relationships with a life of 12 years and $5 million was assigned to trade names with a life of 10 years.

The goodwill of $84 million arises from being able to capitalize on the growth of the streaming audio industry and further improve our position in the global digital audio marketplace. The goodwill is allocated to our National Media segment. The transaction is accounted for as a stock acquisition which applies carryover tax basis to the assets and liabilities acquired. The goodwill is not deductible for income tax purposes.

Katz

On October 2, 2017 we acquired the Katz networks for $292 million, which is net of a 5.33% non-controlling interest we owned prior to the acquisition date. Katz owns and operates four national television networks — Bounce, Grit, Escape and Laff. The acquisition was funded through the issuance of a new term loan B. Katz is included as part of our National Media segment.

The following table summarizes the final fair values of the Katz assets acquired and liabilities assumed at the closing date.
(in thousands)

Cash	$21,372
Accounts receivable	44,306
Current portion of programming	36,218
Intangible assets	32,300
Goodwill	203,760
Programming (less current portion)	52,908
Other assets	11,356
Accounts payable and accrued liabilities	(29,339)
Current portion of programming liabilities	(32,877)
Programming liabilities	(37,692)
Net purchase price	$302,312

The acquisition date fair value of goodwill was revised in 2018. Goodwill was decreased by $5.8 million. Adjustments to increase the fair value of property and equipment by $9.9 million were partially offset by adjustments to decrease the fair value of program assets by $4.1 million. Additionally, these changes to the acquired value of assets in 2018 resulted in an increase to previously reported depreciation expense of $0.3 million and a decrease to previously reported programming costs of $0.3 million.

Of the $32 million allocated to intangible assets, $8 million was assigned to trade names with a life of 10 years and $24 million was assigned to advertiser relationships with a life of 5 years.

The goodwill of $204 million arises from being able to enter into the market for established over-the-air networks. The goodwill was allocated to our National Media segment. We treated the transaction as an asset acquisition for income tax purposes with a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

Prior to the acquisition of Katz, we owned a 5.33% noncontrolling interest of the company. Upon obtaining a controlling interest in Katz, we recorded a $5.4 million gain from the fair value remeasurement of our 5.33% interest. This gain is included in Miscellaneous, net in our Consolidated Statements of Operations.

Stitcher

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

Cracked

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

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

The goodwill of $29 million arising from the transaction consists largely of the benefit we derive from being able to expand our presence and digital brands on the web, in over-the-top video and audio and on other emerging platforms.

We allocated the goodwill to our National Media segment. We treated the transaction as an asset acquisition for income tax purposes with a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

Pro forma results of operations

Pro forma results of operations are presented in the following table. For 2017 and 2016, the results assume that the Katz acquisition had taken place at the beginning of 2016. The pro forma results do not include Triton, Cracked or Stitcher as the impact of these acquisitions, individually or in the aggregate, is not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps and Katz, as well as adjustments for additional depreciation and amortization of the assets acquired and additional interest expense related to the financing of the transaction. The pro forma information does not include efficiencies, cost reductions or synergies expected to result from the acquisition. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisition been completed at the beginning of the period.

(in thousands, except per share data) (unaudited)	For the years ended December 31, 2017	2016
Operating revenues	$986,373	$998,916
Income (loss) from continuing operations	(12,477)	55,506
Income (loss) per share from continuing operations attributable to the shareholders of The E.W. Scripps Company		
Basic	$(0.13)	$0.66
Diluted	(0.13)	0.65

Pending Acquisitions

On August 20, 2018, we entered into a definitive agreement to acquire television stations owned by Raycom Media — Waco, Texas ABC affiliate KXXV/KRHD and Tallahassee, Florida ABC affiliate WTXL — for $55 million. These stations were being divested as part of Gray Television's acquisition of Raycom Media. The purchase was subject to regulatory approvals and customary closing conditions and closed effective as of January 1, 2019. This transaction was funded with cash on hand at time of closing.

On October 27, 2018, we entered into a definitive agreement with Cordillera Communications, LLC to acquire 15 television stations, serving 10 markets, for $521 million in cash. The transaction has been cleared by the U.S. Department of Justice and is expected to close early in the second quarter of 2019, pending FCC consent. We have obtained underwriting for financing the acquisition with incremental term loan B borrowings.

4. Asset Write-Downs and Other Charges and Credits

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

2018 - Costs associated with our previously announced restructuring totaled $8.9 million.

Acquisition and related integration costs of $4.1 million reflect professional service costs incurred to integrate Triton and the former Raycom stations, as well as costs incurred for the pending Cordillera acquisition.

In the fourth quarter of 2018, we incurred a non-cash impairment charge of $8.9 million related to our original programming show, Pickler & Ben, which will not be renewed for a third season.

2017 — In the second quarter, we sold our newspaper syndication business, resulting in a gain of $3.0 million.

Restructuring includes $3.5 million of severance associated with a change in senior management and employees, as well as outside consulting fees associated with changes in our management and operating structure.

Reductions to the earn out provision associated with the acquisition of Midroll Media resulted in increases to other income of $3.2 million.

In the third quarter of 2017, we recorded a $29.4 million non-cash charge to reduce the carrying value of goodwill and $6.3 million to reduce the value of intangible assets related to Cracked. For more information around the impairment of goodwill and intangible assets, see Note 9.

We recognized a $5.4 million gain on our investment in Katz when we completed the acquisition in the fourth quarter.

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

5. Income Taxes

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

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Current:			
Federal	$(719)	$215	$904
State and local	1,119	(963)	(1,628)
Foreign	1	—	—
Total current income tax provision (benefit)	401	(748)	(724)
Deferred:			
Federal	16,513	(16,602)	31,029
State and local	1,188	(2,704)	2,961
Foreign	(4)	—	—
Total deferred income tax provision (benefit)	17,697	(19,306)	33,990
Provision (benefit) for income taxes	$18,098	$(20,054)	$33,266

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

	For the years ended December 31,		
	2018	2017	2016
Statutory rate	21.0 %	35.0 %	35.0 %
Effect of:			
State and local income taxes, net of federal tax benefit	3.0	2.2	3.0
Excess tax benefits from stock-based compensation	0.9	7.1	(1.8)
Nondeductible expenses	1.5	(4.6)	1.4
Reserve for uncertain tax positions	(0.2)	3.6	(0.8)
U.S. federal statutory rate change	—	13.2	—
Other	(1.8)	6.0	(1.1)
Effective income tax rate	24.4 %	62.5 %	35.7 %

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

	As of December 31,	
(in thousands)	2018	2017
Temporary differences:		
Property and equipment	$(14,545)	$(14,493)
Goodwill and other intangible assets	(81,721)	(52,532)
Investments, primarily gains and losses not yet recognized for tax purposes	3,067	2,792
Accrued expenses not deductible until paid	8,792	7,136
Deferred compensation and retiree benefits not deductible until paid	56,902	61,070
Other temporary differences, net	3,416	3,267
Total temporary differences	(24,089)	7,240
Federal and state net operating loss carryforwards	12,800	15,455
Valuation allowance for state deferred tax assets	(5,101)	(2,619)
Net deferred tax asset (liability)	$(16,390)	$20,076

Total federal operating loss carryforwards were $1 million and state operating loss carryforwards were $255 million at December 31, 2018. Our state tax loss carryforwards expire through 2038. Because we file separate state income tax returns for certain of our subsidiary companies, we are not able to use state tax losses of a subsidiary company to offset state taxable income of another subsidiary company.

Deferred tax assets related to our state jurisdictions totaled $9 million at December 31, 2018. We recognize state net operating loss carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

The Company has not provided for income taxes, including withholding tax, US state taxes, or tax on foreign exchange rate changes, associated with the undistributed earnings of our non-US subsidiaries because we plan to indefinitely reinvest the unremitted earnings in these entities.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act significantly revised the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates.

The reduction of the U.S. corporate tax rate caused the Company to adjust its federal deferred tax assets and liabilities to the lower base rate of 21%. The change in the rate resulted in a provisional estimated benefit of $4.2 million for the year ended December 31, 2017. This amount includes the benefit related to the rate change on the deferred tax liabilities included in the radio net assets that are classified as held for sale (see Note 21) as such benefit is required by GAAP to be included in income taxes from continuing operations.

The SEC provided guidance in SAB 118 that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related income tax impacts. In accordance with that guidance, the income tax effects recorded in 2017 were provisional, including those related to our revaluation of federal deferred tax assets and liabilities. The accounting for the income tax effects could have been adjusted during 2018 as a result of continuing analysis of the Tax Act; additional implementation guidance from the Internal Revenue Service (IRS), state tax authorities, the SEC, the FASB, or the Joint Committee on Taxation. We had no material adjustments to our accounting for the Tax Act during 2018.

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Gross unrecognized tax benefits at beginning of year	$1,088	$2,665	$5,011
Increases in tax positions for prior years	130	16	22
Decreases in tax positions for prior years	(33)	(390)	(1,684)
Increases in tax positions for current years	182	—	336
Decreases in tax positions for current years	—	(54)	—
Decreases from lapse in statute of limitations	(255)	(1,149)	(1,020)
Gross unrecognized tax benefits at end of year	$1,112	$1,088	$2,665

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $0.3 million at December 31, 2018. We accrue interest and penalties related to unrecognized tax benefits in our provision for income taxes. At December 31, 2018 and 2017, we had accrued interest related to unrecognized tax benefits of less than $0.1 million.

We file income tax returns in the U.S. and in various state and local jurisdictions. We are routinely examined by tax authorities in these jurisdictions. At December 31, 2018, we are no longer subject to federal income tax examinations for years prior to 2015. For state and local jurisdictions, we are generally no longer subject to income tax examinations for years prior to 2014.

Due to the potential for resolution of federal and state examinations, and the expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits balance may change within the next twelve months by as much as $0.1 million.

6. Restricted Cash

At December 31, 2018 and 2017, our cash and cash equivalents included $5.1 million held in a restricted cash account on deposit with our insurance carrier. This account serves as collateral, in place of an irrevocable stand-by letter of credit, to provide financial assurance that we will fulfill our obligations with respect to cash requirements associated with our workers' compensation self-insurance. This cash is to remain on deposit with the carrier until all claims have been paid or we provide a letter of credit in lieu of the cash deposit.

7. Investments

Investments consisted of the following:

(in thousands)	As of December 31, 2018	2017
Investments held at cost	$4,114	$4,603
Equity method investments	3,048	3,096
Total investments	$7,162	$7,699

Our investments do not trade in public markets, thus they do not have readily determinable fair values. We estimate the fair values of the investments to approximate their carrying values at December 31, 2018 and 2017.

8. Property and Equipment

Property and equipment consisted of the following:

(in thousands)	As of December 31, 2018	2017
Land and improvements	$47,054	$47,405
Buildings and improvements	149,159	139,685
Equipment	346,850	308,873
Computer software	17,492	14,658
Total	560,555	510,621
Accumulated depreciation	322,628	300,626
Net property and equipment	$237,927	$209,995

9. Goodwill and Other Intangible Assets

Goodwill by business segment was as follows:

(in thousands)	Local Media	National Media	Total
Gross balance as of December 31, 2015	$708,133	$74,568	$782,701
Accumulated impairment losses	(216,914)	(21,000)	(237,914)
Net balance as of December 31, 2015	491,219	53,568	544,787
Cracked acquisition	—	29,403	29,403
Stitcher acquisition	—	1,590	1,590
Balance as of December 31, 2016	$491,219	$84,561	$575,780
Gross balance as of December 31, 2016	$708,133	$105,561	$813,694
Accumulated impairment losses	(216,914)	(21,000)	(237,914)
Net balance as of December 31, 2016	491,219	84,561	575,780
Cracked impairment charge	—	(29,403)	(29,403)
Katz acquisition	—	209,572	209,572
Balance as of December 31, 2017	$491,219	$264,730	$755,949
Gross balance as of December 31, 2017	$708,133	$315,133	$1,023,266
Accumulated impairment losses	(216,914)	(50,403)	(267,317)
Net balance as of December 31, 2017	491,219	264,730	755,949
Katz acquisition adjustments	—	(5,812)	(5,812)
Triton acquisition	—	83,876	83,876
Balance as of December 31, 2018	$491,219	$342,794	$834,013
Gross balance as of December 31, 2018	$708,133	$393,197	$1,101,330
Accumulated impairment losses	(216,914)	(50,403)	(267,317)
Net balance as of December 31, 2018	$491,219	$342,794	$834,013

Other intangible assets consisted of the following:

	As of December 31,	
(in thousands)	2018	2017
Amortizable intangible assets:		
Carrying amount:		
Television network affiliation relationships	$248,444	$248,444
Customer lists and advertiser relationships	100,500	69,500
Other	88,393	37,069
Total carrying amount	437,337	355,013
Accumulated amortization:		
Television network affiliation relationships	(62,020)	(49,639)
Customer lists and advertiser relationships	(36,380)	(26,345)
Other	(17,199)	(10,269)
Total accumulated amortization	(115,599)	(86,253)
Net amortizable intangible assets	321,738	268,760
Indefinite-lived intangible assets — FCC licenses	157,215	157,215
Total other intangible assets	$478,953	$425,975

In 2018 and 2017, we recognized other intangible assets of $5.8 million and $9.7 million, respectively, related to the acquisition of cable and satellite carriage rights for the launch of our Newsy cable network. These rights are amortized over the life of the respective carriage agreement.

Estimated amortization expense of intangible assets for each of the next five years is $34.3 million in 2019, $33.1 million in 2020, $30.7 million in 2021, $27.6 million in 2022, $22.6 million in 2023 and $173.4 million in later years.

Goodwill and indefinite-lived intangible assets are tested for impairment annually and any time events occur or conditions change that would indicate it is more likely than not the fair value of a reporting unit is below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate or other factors resulting in low cash flow related to such assets. If the fair value is less than the carrying value of the reporting unit then an impairment of goodwill exists and an impairment charge is recorded for the difference between the carrying value of the reporting unit and its estimated fair value, not to exceed the carrying value of the goodwill.

The slower development of our original operating model created indications of impairment of goodwill as of September 30, 2017 for Cracked.

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

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

We concluded that the fair value of Cracked did not exceed its carrying value as of September 30, 2017. Based upon our valuations, we recorded a $29.4 million non-cash impairment charge in 2017 to reduce the carrying value of goodwill and $6.3 million to reduce the value of intangible assets.

10. Long-Term Debt

Long-term debt consisted of the following:

	As of December 31,	
(in thousands)	2018	2017
Variable rate credit facility	$—	$—
Senior unsecured notes	400,000	400,000
Term loan B	296,250	299,250
Unsecured subordinated notes	—	2,656
Total outstanding principal	696,250	701,906
Less: Debt issuance costs	(7,486)	(8,631)
Less: Current portion	(3,000)	(5,656)
Net carrying value of long-term debt	685,764	687,619
Fair value of long-term debt *	$662,844	$703,572

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

Senior Unsecured Notes

On April 28, 2017, we issued $400 million of senior unsecured notes (the "Senior Notes"), which bear interest at a rate of 5.125% per annum and mature on May 15, 2025. The proceeds of the Senior Notes were used to repay our old term loan B, for the payment of the related issuance costs and for general corporate purposes. The Senior Notes were priced at 100% of par value and interest is payable semi-annually on May 15 and November 15. Prior to May 15, 2020, we may redeem the Senior Notes, in whole or in part, at any time, or from time to time, at a price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption, plus a “make-whole” premium, as set forth in the Senior Notes indenture. In addition, on or prior to May 15, 2020, we may redeem up to 40% of the Senior Notes, using proceeds of equity offerings. If we sell certain of our assets or have a change of control, the holders of the Senior Notes may require us to repurchase some or all of the notes. The Senior Notes are also guaranteed by us and the majority our subsidiaries. The Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature.

We incurred approximately $7.0 million of deferred financing costs in connection with the issuance of the Senior Notes, which are being amortized over the life of the Senior Notes. Additionally, we wrote off $2.4 million of deferred financing costs associated with our old term loan B to interest expense in the second quarter of 2017.

Term Loan B

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

Our Financing Agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. Principal payments included in the contractual obligations table reflect only scheduled principal payments and do not reflect any amounts that may be required to be paid under this provision. As of December 31, 2018, we were not required to make any additional principal payments for excess cash flow.

Under a previous financing agreement, we had a $400 million term loan B that matured in November 2020. We repaid the term loan B in 2017 with the proceeds of our Senior Notes.

As of December 31, 2018 and 2017, the interest rate was 4.34% and 3.82%, respectively on the term loan B. The weighted-average interest rate was 4.30% and 3.42% in 2018 and 2017, respectively.

Revolving Credit Facility

On April 28, 2017, we amended and restated our $100 million revolving credit facility ("Revolving Credit Facility"), increasing its capacity to $125 million and extending the maturity to April 2022. Interest is payable on the Revolving Credit Facility at rates based on LIBOR, plus a margin based on our leverage ratio, ranging from 1.75% to 2.50%.

The Revolving Credit Facility includes the maintenance of a net leverage ratio when we have outstanding borrowings on the facility, as well as other restrictions on payments (dividends and share repurchases). Additionally, we can make acquisitions as long as the pro forma net leverage ratio is less than 5.5 to 1.0.

We granted the lenders pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property including cash, accounts receivables and equipment.

Commitment fees of 0.30% to 0.50% per annum, based on our leverage ratio, of the total unused commitment are payable under the Revolving Credit Facility.

Unsecured Subordinated Notes

The unsecured subordinated promissory notes bore interest at a rate of 7.25% per annum, payable quarterly. The last principal payment of $2.7 million was paid in the third quarter of 2018.

11. Fair Value Measurement

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

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

The following tables set forth our assets that are measured at fair value on a recurring basis at December 31, 2018 and 2017:

	December 31, 2018			
(in thousands)	Total	Level 1	Level 2	Level 3
Cash equivalents	$1,007	$1,007	$ —	$ —

	December 31, 2017			
(in thousands)	Total	Level 1	Level 2	Level 3

Cash equivalents	$69,480	$69,480	$ —	$ —

12. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	As of December 31, 2018	2017
Employee compensation and benefits	$19,775	$18,520
Deferred FCC repack income	20,620	—
Programming liability	43,825	54,641
Liability for pension benefits	198,444	207,406
Liabilities for uncertain tax positions	811	644
Other	11,067	12,445
Other liabilities (less current portion)	$294,542	$293,656

13. Supplemental Cash Flow Information

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Accounts receivable	$(22,130)	$(22,522)	$(20,511)
Other current assets	(6,207)	(6,150)	(3,130)
Accounts payable	965	(7,259)	460
Accrued employee compensation and benefits	9,218	3,175	(1,056)
Other accrued liabilities	(1,525)	12,645	(6,100)
Unearned revenue	2,915	943	(1,353)
Other, net	605	(3,022)	(1,956)
Total	$(16,159)	$(22,190)	$(33,646)

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14. Employee Benefit Plans

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

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

Other union-represented employees are covered by defined benefit pension plans jointly sponsored by us and the union, or by union-sponsored multi-employer plans.

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

The components of the expense consisted of the following:

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Interest cost	$23,836	$25,966	$27,359
Expected return on plan assets, net of expenses	(22,232)	(17,439)	(18,466)
Amortization of actuarial loss	3,527	4,424	4,406
Settlement losses	11,713	—	—
Total for defined benefit plans	16,844	12,951	13,299
Multi-employer plans	190	253	168
SERPs	2,908	1,161	1,033
Defined contribution plan	8,619	9,183	8,265
Net periodic benefit cost	28,561	23,548	22,765
Allocated to discontinued operations	(543)	(687)	(652)
Net periodic benefit cost - continuing operations	$28,018	$22,861	$22,113

In 2018, we recognized a $1.8 million non-cash settlement charge related to lump-sum distributions from our SERP. Settlement charges are recorded when total lump-sum distributions for a plan's year exceed the total projected service cost and interest cost for that plan year.

In November of 2018, we merged $306 million of pension assets and $419 million of pension obligations from our Scripps Pension Plan ("SPP”) into the Journal Communications, Inc. Plan (“JCI Plan”) that we also sponsor. The SPP retained pension assets and pension obligations totaling $9 million. Following the merger, we terminated the SPP and purchased a single premium group annuity contract from an insurance company in the amount of $53.5 million for the terminating SPP participants and certain participants in the newly merged JCI Plan. Upon issuance of the group annuity contract, the insurance company assumed all investment risk associated with the assets that were delivered as the annuity contract premium and assumed the obligation to make future annuity payments to approximately 600 remaining retirees receiving pension benefits in the SPP and approximately 1,500 remaining retirees receiving pension benefits in the newly merged JCI Plan. There was no change to the pension benefits for any plan participants as a result of these transactions and the purchase of the group annuity contract was funded directly by assets of the SPP and JCI Plan. In the fourth quarter of 2018, we recognized a one-time non-cash settlement charge of $11.7 million in connection with these transactions.

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Actuarial gain/(loss)	$(7,765)	$12,205	$(9,379)

Amortization of actuarial loss	3,527	4,424	4,406
Prior service cost	(424)	—	—
Reclassification of actuarial loss related to settlement	11,713	—	—
Total	$7,051	$16,629	$(4,973)

In addition to the amounts summarized above, amortization of actuarial losses related to our SERPs recognized through other comprehensive income was $0.3 million in 2018 and $0.2 million in both 2017 and 2016, and settlement losses in 2018 totaled $1.8 million. We recognized an actuarial gain for our SERPs of $1.0 million in 2018 and losses of $2.5 million and $1.6 million in 2017 and 2016, respectively.

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

	2018 [1]	2017 [2]	2016 [2]
Discount rate	3.71% - 4.58%	4.26 %	4.55 %
Long-term rate of return on plan assets	5.10 %	4.20%-4.30%	4.50%-4.65%

(1) Range presented for 2018 discount rate represents the rates used for various remeasurement periods during the year as well as differing rates used for Scripps Pension Plan and Journal Communications, Inc. Plan.
(2) Ranges presented for long-term rate of return on plan assets for 2017 and 2016 represent the rates used for Scripps Pension Plan and Journal Communications, Inc. Plan.

The discount rate used to determine our future pension obligations is based on a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans.
The expected long-term rate of return on plan assets is based upon the weighted-average expected rate of return and capital market forecasts for each asset class employed.
Changes in other key actuarial assumptions affect the determination of the benefit obligations as of the measurement date and the calculation of net periodic benefit costs in subsequent periods.

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

	Defined Benefit Plans		SERPs	
	For the years ended December 31,			
(in thousands)	2018	2017	2018	2017
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$654,536	$625,535	$23,691	$21,260
Interest cost	23,836	25,966	746	869
Benefits paid	(33,872)	(34,997)	(1,021)	(948)
Actuarial (gains)/losses	(46,800)	38,032	(1,034)	2,510
Plan Amendments	424	—	—	—
Settlements	(53,543)	—	(5,397)	—
Projected benefit obligation at end of year	544,581	654,536	16,985	23,691
Plan assets:				
Fair value at beginning of year	464,441	412,459	—	—
Actual return on plan assets	(32,334)	67,676	—	—
Company contributions	17,199	19,303	6,418	948
Benefits paid	(33,872)	(34,997)	(1,021)	(948)
Settlements	(53,543)	—	(5,397)	—
Fair value at end of year	361,891	464,441	—	—
Funded status	$(182,690)	$(190,095)	$(16,985)	$(23,691)
Amounts recognized in Consolidated Balance Sheets:				
Current liabilities	$—	$—	$(1,231)	$(6,380)
Noncurrent liabilities	(182,690)	(190,095)	(15,754)	(17,311)
Total	$(182,690)	$(190,095)	$(16,985)	$(23,691)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net actuarial loss	$120,191	$127,666	$5,571	$8,667
Prior service cost	424	—	—	—

In 2019, we expect to recognize amortization of accumulated other comprehensive loss into net periodic benefit costs of $2.5 million (including $0.2 million for our SERPs).

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

	Defined Benefit Plans		SERPs	
	As of December 31,			
(in thousands)	2018	2017	2018	2017
Accumulated benefit obligation	$544,581	$654,536	$16,985	$23,691
Projected benefit obligation	544,581	654,536	16,985	23,691
Fair value of plan assets	361,891	464,441	—	—

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

	2018	2017	2016
Weighted average discount rate	4.38%	3.70%	4.26%

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In 2019, we expect to contribute $1.2 million to fund SERP benefits and $18.6 million to fund our qualified defined benefit pension plans.

Estimated future benefit payments expected to be paid from the plans for the next ten years are $31.0 million in 2019, $31.7 million in 2020, $32.6 million in 2021, $33.2 million in 2022, $33.9 million in 2023 and a total of $176.6 million for the five years ending 2028.

Plan Assets and Investment Strategy

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

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

	Target allocation	Percentage of plan assets as of December 31,	
	2019	2018	2017
US equity securities	20 %	19 %	21 %
Non-US equity securities	30 %	28 %	29 %
Fixed-income securities	45 %	46 %	44 %
Other	5 %	7 %	6 %
Total	100 %	100%	100%

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

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

The following table presents our plan assets as of December 31, 2018 and 2017:

	As of December 31,	
(in thousands)	2018	2017
Equity securities		
Common/collective trust funds	$168,547	$234,061
Fixed income		
Common/collective trust funds	166,079	204,453
Real estate fund	24,798	23,102
Cash equivalents	2,467	2,825
Fair value of plan assets	$361,891	$464,441

Our investments are valued using net asset value as a practical expedient as allowed under U.S. GAAP and therefore are not valued using the fair value hierarchy.

Equity securities-common/collective trust funds and fixed income-common/collective trust funds are comprised of shares or units in commingled funds that are not publicly traded. The underlying assets in these funds (equity securities and fixed income securities) are publicly traded on exchanges and price quotes for the assets held by these funds are readily available.

Common/collective trust funds are typically valued at their net asset values that are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity.

Real estate fund pertains to an investment in a real estate fund which invests in limited partnerships, limited liability corporations, real estate investment trusts, other funds and insurance company group annuity contracts. The valuations for these holdings are based on property appraisals using cash flow analysis and market transactions. The fund provides for quarterly redemptions with 110 days written notice.

15. Segment Information

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

Our Local Media segment includes our local broadcast stations and their related digital operations. It is comprised of fifteen ABC affiliates, five NBC affiliates, two FOX affiliates and two CBS affiliates. We also have two MyTV affiliates, one CW affiliate, two independent stations and four Azteca America Spanish-language affiliates. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunication companies and satellite carriers. We also receive retransmission fees from over-the-top virtual MVPDs such as YouTubeTV, DirectTV Now and Sony Vue.

Our National Media segment includes our collection of national brands. Our national media brands include Katz, Stitcher and its advertising network Midroll Media (Midroll), Newsy, Triton and other national brands. These operations earn revenue primarily through the sale of advertising.

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

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

Information regarding our business segments is as follows:

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Segment operating revenues:			
Local Media	$917,480	$778,376	$835,290
National Media	286,170	93,141	34,424
Other	4,775	5,455	4,737
Total operating revenues	$1,208,425	$876,972	$874,451
Segment profit (loss):			
Local Media	$251,119	$156,890	$243,298
National Media	13,920	(9,260)	(10,156)
Other	(3,680)	(2,361)	(2,513)
Shared services and corporate	(53,123)	(50,506)	(46,162)
Acquisition and related integration costs	(4,124)	—	(578)
Restructuring costs	(8,911)	(4,422)	—
Depreciation and amortization of intangible assets	(63,987)	(56,343)	(55,204)
Impairment of goodwill and intangible assets	—	(35,732)	—
Gains (losses), net on disposal of property and equipment	(1,255)	(169)	(480)
Interest expense	(36,184)	(26,697)	(18,039)
Defined benefit pension plan expense	(19,752)	(14,112)	(14,332)
Miscellaneous, net	152	10,636	(2,646)
Income (loss) from continuing operations before income taxes	$74,175	$(32,076)	$93,188
Depreciation:			
Local Media	$30,467	$31,870	$30,184
National Media	2,592	88	164
Other	150	208	263
Shared services and corporate	1,432	1,883	1,863
Total depreciation	$34,641	$34,049	$32,474
Amortization of intangible assets:			
Local Media	$14,821	$15,084	$16,958
National Media	13,172	5,856	4,419
Shared services and corporate	1,353	1,354	1,353
Total amortization of intangible assets	$29,346	$22,294	$22,730

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Operating revenues:			
Core advertising	$696,449	$555,228	$507,987
Political	139,600	8,651	100,761
Retransmission and carriage	304,402	259,712	220,723
Other	67,974	53,381	44,980
Total operating revenues	$1,208,425	$876,972	$874,451

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

(in thousands)	For the years ended December 31, 2018	2017	2016
Additions to property and equipment:			
Local Media	$37,773	$16,946	$21,064
National Media	15,164	792	54
Other	—	—	124
Shared services and corporate	723	367	1,283
Total additions to property and equipment	$53,660	$18,105	$22,525

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

(in thousands)	As of December 31, 2018	2017	2016
Assets:			
Local Media	$1,261,526	$1,273,735	$1,280,885
National Media	737,987	528,479	117,725
Other	865	2,128	7,146
Shared services and corporate	129,683	189,202	184,109
Total assets of continuing operations	2,130,061	1,993,544	1,589,865
Discontinued operations	—	136,004	146,041
Total assets	$2,130,061	$2,129,548	$1,735,906

16. Commitments and Contingencies

Minimum payments on noncancelable leases at December 31, 2018 were: $11.2 million in 2019, $9.2 million in 2020, $6.5 million in 2021, $6.4 million in 2022, $11.4 million in 2023 and $15.3 million in later years. We expect our operating leases will be replaced with leases for similar facilities upon their expiration. Rental expense for cancelable and noncancelable leases was $15.5 million in 2018, $13.1 million in 2017 and $11.1 million in 2016.

In the ordinary course of business, we enter into contractual commitments for network affiliation agreements, the acquisition of programming and for other purchase and service agreements. Minimum payments on such contractual commitments at December 31, 2018 were: $399.9 million in 2019, $400.5 million in 2020, $385.9 million in 2021, $182.3 million in 2022, $33.6 million in 2023, and $13.7 million in later years. We expect these contracts will be replaced with similar contracts upon their expiration.

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

17. Capital Stock and Share-Based Compensation Plans

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

Share Repurchase Plan — Shares may be repurchased from time to time at management's discretion. In November 2016, our Board of Directors authorized a share repurchase program of up to $100 million of our Class A Common shares. The authorization currently expires on March 1, 2020. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block

trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934.
As part of the share repurchase plan, the Company entered into an Accelerated Share Repurchase ("ASR") agreement with JP Morgan to repurchase $25 million of the Company's common stock. Under the ASR agreement, the Company paid $25

million to JP Morgan and received an initial delivery of 1.3 million shares in the third quarter of 2018, which represents 80% of the total shares the Company expects to receive based on the market price at the time of the initial delivery. The transaction was accounted for as an equity transaction. The par value of shares received was recorded as a reduction to common stock with the remainder recorded as a reduction to additional paid-in capital or retained earnings. Upon initial receipt of the shares, there was an immediate reduction in the weighted average common shares calculation for basic and diluted earnings per share. Upon final settlement of the ASR agreement in February 2019, the Company received additional deliveries totaling 147,164 shares of its common stock based on a weighted average cost per share of $16.70 over the term of the ASR agreement.

Excluding the shares repurchased under the ASR agreement, during 2018 we repurchased $7.3 million of shares at prices ranging from $13.29 to $17.86 per share. During 2017 and 2016, we repurchased $17.9 million of shares at prices ranging from $14.05 to $23.01 per share and $44.4 million of shares at prices ranging from $12.84 to $19.51 per share, respectively. As of December 31, 2018, we have $50.3 million outstanding under the current authorization.

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

We satisfy stock option exercises and vested stock awards with newly issued shares. As of December 31, 2018, approximately 3.0 million shares were available for future stock compensation awards.

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

The following table summarizes our stock option activity:

	Number of Shares	Weighted-Average Exercise Price	Range of Exercise Prices
Outstanding at December 31, 2015	996,879	$ 7.45	$ 6-9
Exercised	(509,965)	8.07	8-9
Outstanding at December 31, 2016	486,914	6.81	6-9
Exercised	(235,407)	6.20	6-8
Outstanding at December 31, 2017	251,507	7.38	6-9
Exercised	(251,507)	7.38	6-9
Outstanding at December 31, 2018	—	—	—

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

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Cash received upon exercise	$1,857	$1,461	$4,641
Intrinsic value (market value on date of exercise less exercise price)	1,266	3,919	4,888
Tax benefits realized	315	1,497	1,877

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

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

The following table summarizes our RSU activity:

	Number of Shares	Fair Value Weighted Average	Range of Prices
Unvested at December 31, 2015	910,041	$18.22	$ 10-24
Awarded	996,839	15.76	13-18
Vested	(444,267)	17.78	13-19
Forfeited	(37,436)	16.82	12-24
Unvested at December 31, 2016	1,425,177	17.05	12-24
Awarded	653,522	22.51	17-24
Vested	(581,920)	20.78	14-24
Forfeited	(308,856)	17.20	14-24
Unvested at December 31, 2017	1,187,923	19.99	14-24
Awarded	816,771	13.28	11-17
Vested	(771,904)	14.16	11-18
Forfeited	(57,348)	16.68	13-23
Unvested at December 31, 2018	1,175,442	15.86	11-24

The following table summarizes additional information about RSU vesting:

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Fair value of RSUs vested	$10,930	$12,090	$7,898
Tax benefits realized on vesting	1,758	4,630	3,033

Share-based Compensation Costs

Share-based compensation costs were as follows:

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Total share-based compensation	$11,008	$12,960	$8,093
Included in discontinued operations	(227)	(465)	(270)
Included in continuing operations	$10,781	$12,495	$7,823
Share-based compensation, net of tax	$8,100	$7,717	$4,835

As of December 31, 2018, $10.1 million of total unrecognized compensation costs related to RSUs and performance shares is expected to be recognized over a weighted-average period of 1.5 years.

18. Accumulated Other Comprehensive Income (Loss)

Changes in the accumulated other comprehensive income (loss) ("AOCI") balance by component consisted of the following for the respective years:

(in thousands)	Defined Benefit Pension Items	Other	Total
As of December 31, 2016	$(93,676)	$329	$(93,347)
Other comprehensive income (loss) before reclassifications, net of tax of $2,814 and ($136)	6,880	(355)	6,525
Amounts reclassified from AOCI, net of tax of $1,338	3,270	—	3,270
Net current-period other comprehensive income (loss)	10,150	(355)	9,795
Reclassification of disproportionate tax effects from AOCI	(19,429)	59	(19,370)
As of December 31, 2017	(102,955)	33	(102,922)
Other comprehensive income (loss) before reclassifications, net of tax of $(1,803) and ($22)	(5,351)	(65)	(5,416)
Amounts reclassified from AOCI, net of tax of $4,360	12,941	—	12,941
Net current-period other comprehensive income (loss)	7,590	(65)	7,525
As of December 31, 2018	$(95,365)	$(32)	$(95,397)

Amounts reclassified to net earnings for defined benefit pension items relate to the amortization of actuarial gains (losses) and settlement charges. These amounts are included within the defined benefit pension plan expense caption on our Consolidated Statements of Operations. See Note 14. Employee Benefit Plans for additional information.

19. Summarized Quarterly Financial Information (Unaudited)

Summarized quarterly financial information is as follows:

2018 (in thousands, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Operating revenues	$254,191	$283,395	$302,726	$368,113	$1,208,425
Costs and expenses	(238,682)	(245,610)	(247,304)	(281,628)	(1,013,224)
Depreciation and amortization of intangible assets	(15,420)	(15,382)	(15,598)	(17,587)	(63,987)
Gains (losses), net on disposal of property and equipment	(717)	66	501	(1,105)	(1,255)
Interest expense	(8,759)	(9,279)	(9,003)	(9,143)	(36,184)
Defined benefit pension plan expense	(1,388)	(1,389)	(3,529)	(13,446)	(19,752)
Miscellaneous, net	167	(156)	(546)	687	152
Income (loss) from continuing operations before income taxes	(10,608)	11,645	27,247	45,891	74,175
Provision (benefit) for income taxes	(2,031)	2,983	7,208	9,938	18,098
Income (loss) from continuing operations, net of tax	(8,577)	8,662	20,039	35,953	56,077
Income (loss) from discontinued operations, net of tax	(18,504)	(2,942)	(908)	(13,974)	(36,328)
Net income (loss)	(27,081)	5,720	19,131	21,979	19,749
Loss attributable to noncontrolling interest	(632)	—	—	—	(632)
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$(26,449)	$5,720	$19,131	$21,979	$20,381
Net income (loss) from continuing operations per basic share of common stock	$(0.10)	$0.10	$0.24	$0.44	$0.69
Net income (loss) from discontinued operations per basic share of common stock	$(0.23)	$(0.04)	$(0.01)	$(0.17)	$(0.44)
Net income (loss) from continuing operations per diluted share of common stock	$(0.10)	$0.10	$0.24	$0.44	$0.68
Net income (loss) from discontinued operations per diluted share of common stock	$(0.23)	$(0.04)	$(0.01)	$(0.17)	$(0.44)
Weighted average shares outstanding:					
Basic	81,554	81,824	81,452	80,669	81,369
Diluted	81,554	81,852	82,084	81,348	81,927
Cash dividends per share of common stock	$0.05	$0.05	$0.05	$0.05	$0.20

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

2017 (in thousands, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Operating revenues	$198,475	$216,242	$200,509	$261,746	$876,972
Costs and expenses	(184,414)	(184,095)	(189,184)	(228,938)	(786,631)
Depreciation and amortization of intangible assets	(13,861)	(13,781)	(13,775)	(14,926)	(56,343)
Impairment of goodwill and intangible assets	—	—	(35,732)	—	(35,732)
Gains (losses), net on disposal of property and equipment	(47)	(15)	(114)	7	(169)
Interest expense	(4,195)	(8,248)	(5,720)	(8,534)	(26,697)
Defined benefit pension plan expense	(3,467)	(3,467)	(3,551)	(3,627)	(14,112)
Miscellaneous, net	(879)	5,103	1,187	5,225	10,636
Income (loss) from continuing operations before income taxes	(8,388)	11,739	(46,380)	10,953	(32,076)
Provision (benefit) for income taxes	(5,655)	4,884	(18,776)	(507)	(20,054)
Income (loss) from continuing operations, net of tax	(2,733)	6,855	(27,604)	11,460	(12,022)
Income (loss) from discontinued operations, net of tax	794	1,690	920	(5,999)	(2,595)
Net income (loss)	$(1,939)	$8,545	$(26,684)	$5,461	$(14,617)
Loss attributable to noncontrolling interest	—	—	—	(1,511)	(1,511)
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$(1,939)	$8,545	$(26,684)	$6,972	$(13,106)
Net income (loss) from continuing operations per basic share of common stock	$(0.03)	$0.08	$(0.34)	$0.16	$(0.13)
Net income (loss) from discontinued operations per basic share of common stock	$0.01	$0.02	$0.01	$(0.07)	$(0.03)
Net income (loss) from continuing operations per diluted share of common stock	$(0.03)	$0.08	$(0.34)	$0.16	$(0.13)
Net income (loss) from discontinued operations per diluted share of common stock	$0.01	$0.02	$0.01	$(0.07)	$(0.03)
Weighted average shares outstanding:					
Basic	82,079	82,302	82,039	81,792	82,052
Diluted	82,079	82,465	82,039	81,792	82,052
Cash dividends per share of common stock	$—	$—	$—	$—	$—

In the third quarter of 2017, we recorded a $29.4 million non-cash impairment charge to reduce the carrying value of goodwill and $6.3 million to reduce the value of intangible assets related to Cracked. For more information around the impairment of goodwill and intangible assets, see Note 9.
The sum of the quarterly net income (loss) per share amounts may not equal the reported annual amount because each amount is computed independently based upon the weighted-average number of shares outstanding for the period.

20. Noncontrolling Interest

A noncontrolling owner holds a 30% interest in our venture to develop, produce and air our lifestyle daytime talk show. In April 2017, on the formation of the venture, the noncontrolling owner made a $2.1 million non-cash contribution to the venture. The contribution included the rights to the show concept, contractual rights with the show's talent, as well as other pre-production items.

21. Assets Held for Sale and Discontinued Operations

Radio Divestiture

In the fourth quarter of 2017, we began the process to divest our radio business. Our radio business consisted of 34 radio stations in eight markets. During the second and third quarters of 2018, we entered into definitive agreements to sell our radio stations. We closed on the sale of our Tulsa radio stations on October 1, 2018, closed on the sales of our Milwaukee, Knoxville, Omaha, Springfield and Wichita radio stations on November 1, 2018 and closed on the sales of our Boise and Tucson radio stations on December 12, 2018. We have reported its results as discontinued operations for all periods presented.

Operating results of our radio operations included in discontinued operations were as follows:

	For the years ended December 31,		
(in thousands)	2018	2017	2016
Operating revenues	$49,243	$68,630	$73,069
Total costs and expenses	(42,694)	(57,061)	(56,852)
Depreciation and amortization of intangible assets	—	(2,910)	(3,377)
Impairment of goodwill and intangible assets	(25,900)	(8,000)	—
Other, net	(179)	(258)	(63)
Income (loss) from operations of discontinued operations	(19,530)	401	12,777
Pretax loss on disposal of discontinued operations	(18,558)	—	—
Income (loss) from discontinued operations before income taxes	(38,088)	401	12,777
Income tax benefit (provision)	1,760	(2,996)	(5,464)
Income (loss) from discontinued operations, net of tax	$(36,328)	$(2,595)	$7,313

Results of discontinued operations in 2018 and 2017 included $25.9 million and $8.0 million, respectively, of non-cash impairment charges to write-down the goodwill of our radio business to fair value. The income tax provision for discontinued operations was impacted by non-deductible charges of $30.9 million in 2018 and $8.0 million in 2017.

We also entered into separate Local Marketing Agreements (“LMA”) with the acquirer of the Tulsa radio stations and the acquirer of the Wichita, Springfield, Omaha, and Knoxville radio stations. Under the terms of these agreements, the acquiring entities paid us a monthly LMA fee and also reimbursed us for certain station expenses, as defined in the agreements, in exchange for the right to program and sell advertising from the stations' inventory of broadcast time. The LMA with the acquirer of the Tulsa radio stations was effective from July 30, 2018 until the closing of the transaction. The other LMA was effective from September 1, 2018 until closing of the transactions. Discontinued operating revenues included LMA fees totaling $2.5 million for the year ended December 31, 2018.

The following table presents a summary of the radio assets held for sale included in our Consolidated Balance Sheet as of December 31, 2017:

(in thousands)	
Assets:	
Total current assets	$12,891
Property and equipment	35,470
Goodwill and intangible assets	87,462
Other assets	181
Total assets included in the disposal group	136,004
Liabilities:	
Total current liabilities	3,248

Deferred income taxes	16,288
Other liabilities	—
Total liabilities included in the disposal group	19,536
Net assets included in the disposal group	$116,468