

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

FORM 10-Q

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

For the quarterly period ended September 30, 2013

OR

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

For the transition period from _____ to _____

Commission File Number 1-34004

SCRIPPS NETWORKS INTERACTIVE, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

61-1551890
(I.R.S. Employer
Identification Number)

9721 Sherrill Boulevard
Knoxville, TN
(Address of principal
executive offices)

37932
(Zip Code)

Registrant's telephone number, including area code: (865) 694-2700

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of October 31, 2013 there were 111,756,980 of the Registrant's Class A Common shares outstanding and 34,317,171 of the Registrant's Common Voting shares outstanding.



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PART I

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

ITEM 1. FINANCIAL STATEMENTS

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

PART II

ITEM 1. LEGAL PROCEEDINGS

We are involved in litigation arising in the ordinary course of business none of which is expected to result in material loss.

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ITEM 1A. RISK FACTORS

A wide range of risks may affect our business and financial results, now and in the future; however, we consider the risks described in our Annual Report on Form 10-K for the year ended December 31, 2012 to be the most significant. There have been no material changes to the risk factors previously described in that 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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

The following table provides information about Company purchases of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act during the quarter ended September 30, 2013:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans Or Programs</u>
7/1/13—7/31/13	45,730	\$68.33	45,730	\$646,875,258

Under a share repurchase program authorized by the Board of Directors on July 31, 2012, we were authorized to repurchase \$1 billion of Class A Common shares. As of September 30, 2013, \$647 million remains available for repurchase under the authorization. There is no expiration date for the program and we are under no commitment or obligation to repurchase any particular amount of Class A Common shares under the program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

SIGNATURES

Pursuant to the requirements 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.

SCRIPPS NETWORKS INTERACTIVE, INC.

Dated: November 12, 2013

BY: /s/ Joseph G. NeCastro

Joseph G. NeCastro
Chief Financial & Administrative Officer
(Principal Financial and Accounting Officer)

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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)***(in thousands, except share and par value amounts)*

	September 30, 2013	As of December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 556,574	\$ 437,525
Accounts receivable (less allowances: 2013—\$6,557; 2012—\$5,514)	575,041	565,298
Programs and program licenses	424,207	395,017
Deferred income taxes	28,311	26,338
Other current assets	66,869	60,098
Total current assets	1,651,002	1,484,276
Investments	486,571	489,703
Property and equipment, net	238,403	237,308
Goodwill	597,306	551,821
Other intangible assets, net	662,316	678,500
Programs and program licenses (less current portion)	415,674	371,856
Deferred income taxes	79,117	148,501
Other non-current assets	155,271	176,833
Total Assets	\$ 4,285,660	\$ 4,138,798
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 14,993	\$ 12,633
Program rights payable	37,676	36,274
Customer deposits and unearned revenue	68,275	44,903
Employee compensation and benefits	58,840	56,553
Accrued marketing and advertising costs	8,288	10,689
Other accrued liabilities	75,835	91,577
Total current liabilities	263,907	252,629
Long-term debt	1,384,420	1,384,216
Other liabilities (less current portion)	238,628	237,402
Total liabilities	1,886,955	1,874,247
Redeemable noncontrolling interest	140,705	136,500
Equity:		
SNI shareholders' 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: 2013—111,731,919 shares; 2012—114,570,332 shares	1,118	1,146
Voting—authorized: 60,000,000 shares; issued and outstanding: 2013—34,317,171 shares; 2012—34,317,173 shares	343	343
Total	1,461	1,489
Additional paid-in capital	1,434,791	1,405,699
Retained earnings	568,155	452,598
Accumulated other comprehensive income (loss)	(37,999)	(38,862)
Total SNI shareholders' equity	1,966,408	1,820,924
Noncontrolling interest	291,592	307,127
Total equity	2,258,000	2,128,051
Total Liabilities and Equity	\$ 4,285,660	\$ 4,138,798

See notes to condensed consolidated financial statements.

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SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Operating Revenues:				
Advertising	\$ 410,189	\$ 377,212	\$ 1,267,440	\$ 1,150,663
Network affiliate fees, net	191,056	175,308	567,895	514,866
Other	15,656	13,666	41,079	36,988
Total operating revenues	<u>616,901</u>	<u>566,186</u>	<u>1,876,414</u>	<u>1,702,517</u>
Cost of services, excluding depreciation and amortization of intangible assets	178,221	156,297	510,649	444,981
Selling, general and administrative	176,644	158,823	536,574	482,554
Depreciation	15,593	15,181	45,176	43,499
Amortization of intangible assets	13,921	13,797	40,592	35,933
Losses (gains) on disposal of property and equipment	95	16	1,570	102
Total operating expenses	<u>384,474</u>	<u>344,114</u>	<u>1,134,561</u>	<u>1,007,069</u>
Operating income	232,427	222,072	741,853	695,448
Interest expense	(12,337)	(12,518)	(36,679)	(37,945)
Equity in earnings of affiliates	15,180	11,240	61,172	46,267
Miscellaneous, net	(626)	1,667	(344)	12,689
Income from operations before income taxes	234,644	222,461	766,002	716,459
Provision for income taxes	64,174	65,653	234,002	211,277
Net income	170,470	156,808	532,000	505,182
Less: net income attributable to noncontrolling interests	41,467	38,398	135,449	129,505
Net income attributable to SNI	<u>\$ 129,003</u>	<u>\$ 118,410</u>	<u>\$ 396,551</u>	<u>\$ 375,677</u>
Net income attributable to SNI common shareholders per share of common stock:				
Net income attributable to SNI common shareholders per basic share of common stock	\$ 0.88	\$ 0.79	\$ 2.69	\$ 2.46
Net income attributable to SNI common shareholders per diluted share of common stock	<u>\$ 0.87</u>	<u>\$ 0.78</u>	<u>\$ 2.67</u>	<u>\$ 2.44</u>

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)***(in thousands)*

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net income	\$ 170,470	\$ 156,808	\$ 532,000	\$ 505,182
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax—2013, (\$150) and \$563; 2012, (\$563) and (\$452)	23,471	19,673	(2,095)	7,003
Pension liability adjustments, net of tax—2013, (\$596) and (\$1,692); 2012, (\$498) and (\$1,374)	844	561	2,826	1,751
Comprehensive income	194,785	177,042	532,731	513,936
Less: comprehensive income attributable to noncontrolling interests	41,509	38,528	135,317	129,613
Comprehensive income attributable to SNI	\$ 153,276	\$ 138,514	\$ 397,414	\$ 384,323

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)***(in thousands)*

	Nine months ended September 30,	
	2013	2012
Cash Flows from Operating Activities:		
Net income	\$ 532,000	\$ 505,182
Depreciation and amortization of intangible assets	85,768	79,432
Amortization of network distribution costs	5,299	18,397
Program amortization	404,636	355,850
Equity in earnings of affiliates	(61,172)	(46,267)
Program payments	(470,454)	(478,931)
Dividends received from equity investments	60,035	45,096
Deferred income taxes	61,869	(53,164)
Stock and deferred compensation plans	38,624	30,838
Changes in certain working capital accounts (excluding the effects of acquisition):		
Accounts receivable	(8,265)	30,837
Other assets	(2,218)	(10,619)
Accounts payable	1,756	(5,381)
Accrued employee compensation and benefits	2,019	417
Accrued / refundable income taxes	(5,320)	(11,660)
Other liabilities	26,065	(19,727)
Other, net	12,721	(6,703)
Cash provided by (used in) operating activities	<u>683,363</u>	<u>433,597</u>
Cash Flows from Investing Activities:		
Additions to property and equipment	(47,394)	(34,058)
Collections (funds advanced) on note receivable	11,689	13,613
Purchase of subsidiary companies, net of cash acquired	(64,412)	(119,036)
Other, net	(32,123)	(15,777)
Cash provided by (used in) continuing investing activities	(132,240)	(155,258)
Cash provided by (used in) discontinued investing activities		10,000
Cash provided by (used in) investing activities	<u>(132,240)</u>	<u>(145,258)</u>
Cash Flows from Financing Activities:		
Dividends paid	(66,367)	(55,032)
Dividends paid to noncontrolling interests	(146,647)	(148,181)
Repurchase of Class A common stock	(253,203)	(500,251)
Proceeds from stock options	36,500	89,019
Other, net	(2,539)	5,190
Cash provided by (used in) financing activities	<u>(432,256)</u>	<u>(609,255)</u>
Effect of exchange rate changes on cash and cash equivalents	182	62
Increase (decrease) in cash and cash equivalents	119,049	(320,854)
Cash and cash equivalents:		
Beginning of year	437,525	760,092
End of period	<u>\$556,574</u>	<u>\$ 439,238</u>
Supplemental Cash Flow Disclosures:		
Interest paid, excluding amounts capitalized	\$ 38,660	\$ 39,599
Income taxes paid	<u>155,232</u>	<u>254,746</u>
Non-Cash transactions:		
Obligations incurred for purchase of intangible assets		\$ 50,428
Contingent consideration liability		<u>8,323</u>

See notes to condensed consolidated financial statements.

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**SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

(in thousands, except share data)

	SNI Shareholders				Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest (Temporary Equity)
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			
Balance as of December 31, 2011	\$ 1,571	\$ 1,346,429	\$ 364,073	\$ (33,347)	\$ 254,919	\$ 1,933,645	\$ 162,750
Comprehensive income (loss)			375,677	8,646	124,141	508,464	5,472
Dividends paid to noncontrolling interests					(95,681)	(95,681)	(52,500)
Dividends: declared and paid—\$.36 per share			(55,032)			(55,032)	
Repurchase of 10,133,969 Class A Common shares	(101)	(88,182)	(411,968)			(500,251)	
Stock-based compensation expense		25,305				25,305	
Exercise of employee stock options: 2,544,948 shares issued	25	88,994				89,019	
Other stock-based compensation, net: 314,000 shares issued; 91,350 shares repurchased	3	(1,770)				(1,767)	
Tax benefits of compensation plans		10,586				10,586	
Balance as of September 30, 2012	\$ 1,498	\$ 1,381,362	\$ 272,750	\$ (24,701)	\$ 283,379	\$ 1,914,288	\$ 115,722
Balance as of December 31, 2012	\$ 1,489	\$ 1,405,699	\$ 452,598	\$ (38,862)	\$ 307,127	\$ 2,128,051	\$ 136,500
Comprehensive income (loss)			396,551	863	124,742	522,156	10,575
Dividends paid to noncontrolling interests					(140,277)	(140,277)	(6,370)
Dividends: declared and paid—\$.45 per share			(66,367)			(66,367)	
Convert 2 Voting Shares to Class A Common Shares							
Repurchase of 3,917,471 Class A Common shares	(39)	(38,537)	(214,627)			(253,203)	
Stock-based compensation expense		31,505				31,505	
Exercise of employee stock options: 846,242 shares issued	8	36,492				36,500	
Other stock-based compensation, net: 334,111 shares issued; 101,297 shares repurchased	3	(4,719)				(4,716)	
Tax benefits of compensation plans		4,351				4,351	
Balance as of September 30, 2013	\$ 1,461	\$ 1,434,791	\$ 568,155	\$ (37,999)	\$ 291,592	\$ 2,258,000	\$ 140,705

See notes to condensed consolidated financial statements.

SCRIPPS NETWORKS INTERACTIVE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of Business and Basis of Presentation*Description of Business*

The Company operates in the media industry and has interests in national television networks and internet based media outlets. The Company's reportable segment is Lifestyle Media. The Lifestyle Media segment includes our national television networks, Home and Garden Television ("HGTV"), Food Network, Travel Channel, DIY Network ("DIY"), Cooking Channel and Great American Country. Lifestyle Media also includes websites that are associated with the aforementioned television brands and other Internet-based businesses serving food, home and travel related categories.

We also have established lifestyle media brands internationally. Our lifestyle-oriented channels are available in the United Kingdom, other European markets, the Middle East, Africa and Asia-Pacific.

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934, as amended. These financial statements and the related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2012 Annual Report on Form 10-K.

In the opinion of management, the accompanying condensed consolidated balance sheets and related interim condensed consolidated statements of operations, comprehensive income, cash flows, and shareholders' equity include all adjustments, consisting only of normal recurring adjustments, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results and outcomes may differ from management's estimates and assumptions.

Interim results are not necessarily indicative of the results that may be expected for any future interim periods or for a full year.

2. Shareholders' Equity and Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding, including participating securities outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of the potential issuance of common shares. We include all unvested stock awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, in the number of shares outstanding in our basic and diluted EPS.

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

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Weighted-average shares outstanding:				
Basic	146,578	149,985	147,499	152,731
Dilutive effect of equity awards	1,224	1,216	1,147	1,174
Diluted weighted-average shares outstanding	147,802	151,201	148,646	153,905
Anti-dilutive share awards	12		168	825

For 2013 and 2012, we had stock options that were anti-dilutive and accordingly were not included in the computation of diluted weighted-average shares outstanding.

3. Accounting Standards Updates and Recently Issued Accounting Standards Updates

Recently Issued Accounting Standards Updates

In July 2013, an update was made to the *Income Taxes Topic, ASC 740*, which provides guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The update states the presentation of an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The update is effective for us in the first quarter of 2014 and early adoption is permitted. The adoption of the update is not expected to have a material effect on our condensed consolidated financial statements.

In February 2013, an update was made to the *Comprehensive Income Topic, ASC 220*, which provides guidance on reporting of amounts reclassified out of accumulated other comprehensive income. The update requires an entity to present either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under US GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under US GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under US GAAP that provide additional details about those amounts. The update was effective for us on January 1, 2013. The update did not have a material impact on our condensed consolidated financial statements.

4. Acquisitions

Asian Food Channel—On April 12, 2013, we acquired the Asian Food Channel (“AFC”) for consideration of approximately \$66 million. Assets acquired in the transaction included approximately \$1.2 million of cash. AFC, which is based in Singapore, is an independent company which broadcasts 24 hours a day, seven days a week and leverages a substantial library of acquired Asian and international video content as well as a growing number of originally-produced programs and reaches about 8 million subscribers in 11 markets.

Travel Channel International—On April 30, 2012, we acquired Travel Channel International, Ltd. (“TCI”) for consideration of approximately \$115 million, including approximately \$7.6 million released from escrow in 2013. Assets acquired in the transaction included approximately \$7.6 million of cash. TCI is an independent company headquartered in the United Kingdom that broadcasts in 21 languages to 128 countries across Europe, the Middle East, Africa, and Asia-Pacific.

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The following table summarizes the fair values of the assets acquired and liabilities assumed as of the dates of the AFC and TCI acquisitions. The allocation of the AFC purchase price is based upon preliminary appraisals and estimates, and is therefore subject to change.

<i>(in thousands)</i>	Asian	Travel
	Food Channel	Channel International
Accounts receivable	\$ 1,960	\$ 6,545
Other current assets	271	1,406
Programs and program licenses	5,882	9,164
Property and equipment	399	475
Amortizable intangible assets	24,600	59,977
Other assets	160	
Current liabilities	(1,941)	(4,456)
Deferred income taxes	(4,413)	(15,243)
Total identifiable net assets	26,918	57,868
Goodwill	37,494	49,173
Net purchase price	<u>\$ 64,412</u>	<u>\$ 107,041</u>

The goodwill arising from the AFC and TCI acquisitions reflects the economic potential of the markets in which the acquired companies operate as well as the synergies and economies of scale expected from operating both businesses as part of SNI. The goodwill recorded as part of these acquisitions is not amortizable for tax purposes.

RealGravity, Inc.—In January 2012, we acquired RealGravity, Inc. RealGravity is a California-based company that specializes in online video publishing technologies. The purchase price, which comprised both cash of \$20 million and contingent consideration, was allocated based upon the fair values of assets acquired and liabilities assumed as of the date of acquisition. We allocated \$19.7 million of the purchase price to goodwill. In conjunction with our fourth quarter 2012 annual goodwill impairment review, this goodwill allocated to RealGravity was written-off. The contingent consideration payable was estimated using probability-weighted discounted cash flow models and was valued at \$8.3 million on the date of acquisition.

Pro forma results are not presented for any of our acquisitions because the condensed consolidated results of operations would not be significantly different from reported amounts.

5. Other Charges and Credits

Income tax adjustments – The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013. The bill includes the reinstatement of the provision which allows programmers to immediately expense production costs which are incurred in the United States. Since the legislation was not enacted until 2013, the impact of this provision was not recognized in our 2012 financial results and was reflected as a \$4.1 million unfavorable discrete item in the first quarter of 2013. In the third quarter of 2013, we recorded a \$5.4 million favorable tax adjustment reflecting an increase in the taxable income attributable to businesses with noncontrolling owners. For the year-to-date period of 2013, our income tax provision includes unfavorable tax adjustments totaling \$5.1 million reflecting the adjustments noted above and \$6.4 million of unfavorable adjustments that are primarily attributed to income tax audit settlements.

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6. Investments

Investments consisted of the following:

<i>(in thousands)</i>	As of	
	September 30, 2013	December 31, 2012
Equity-method investments	\$ 471,391	\$ 474,523
Cost-method investments	15,180	15,180
Total investments	\$486,571	\$ 489,703

Investments accounted for using the equity method include the Company's investments in UKTV (50% owned), HGTV Canada (33% owned), Food Canada (29% owned), Fox-BRV Southern Sports Holdings (7.25% owned), Food Network Magazine JV (50% owned) and HGTV Magazine JV (50% owned).

UKTV receives financing through loans provided by us. These loans, totaling \$120 million at September 30, 2013 and \$129 million at December 31, 2012, and reported within "Other Non-Current Assets" in our condensed consolidated balance sheet, effectively act as a revolving facility for UKTV. As a result of this financing arrangement and the level of equity investment at risk, we have determined that UKTV is a variable interest entity ("VIE"). SNI and its partner in the venture share equally in the profits of the entity, have equal representation on UKTV's board of directors and share voting control in such matters as approving annual budgets, initiating financing arrangements, and changing the scope of the business. However, our partner maintains control over certain operational aspects of the business related to programming content, scheduling, and the editorial and creative development of UKTV. Additionally, certain key management personnel of UKTV are employees of our partner. Since we do not control these activities that are critical to UKTV's operating performance, we have determined that we are not the primary beneficiary of the entity and account for the investment under the equity method of accounting. The Company's investment in UKTV was \$408 million at September 30, 2013 and \$420 million at December 31, 2012.

Our equity in earnings from the UKTV investment is reduced by amortization reflecting differences in the consideration paid for our equity interest in the entity and our 50% proportionate share of UKTV's equity. Estimated amortization that will reduce UKTV's equity in earnings for each of the next five years is expected to be \$5.0 million for the remainder of 2013, \$18.4 million in 2014, \$17.6 million in 2015, \$15.3 million in 2016 and \$15.3 million in 2017.

We regularly review our investments to determine if there have been any other-than-temporary declines 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 costs exceed 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. No impairments were recognized on any of our investments in the year-to-date periods of 2013 or 2012.

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7. Fair Value Measurement

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified in one of three categories which are described below.

- 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 table sets forth our assets and liabilities that are measured at fair value on a recurring basis at September 30, 2013:

(in thousands)

	Total	Level 1	Level 2	Level 3
Assets —				
Cash equivalents	\$ 178,076	\$ 178,076		
Liabilities —				
Derivative liability	\$ 288		\$ 288	
Temporary equity —				
Redeemable noncontrolling interest	\$ 140,705			\$ 140,705

The following table sets forth our assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012:

(in thousands)

	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 198,968	\$ 198,968		
Derivative asset	804		\$ 804	
Total assets	\$ 199,772	\$ 198,968	\$ 804	
Temporary equity —				
Redeemable noncontrolling interest	\$ 136,500			\$ 136,500

Derivatives include freestanding foreign currency forward contracts which are marked to market at each reporting period. We classify our foreign currency forward contracts within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

We determine the fair value of the redeemable noncontrolling interest using a combination of a discounted cash flow valuation model and a market approach that applies revenues and EBITDA estimates against the calculated multiples of comparable companies. Operating revenues and EBITDA are key assumptions utilized in both the discounted cash flow valuation model and the market approach. The selected discount rate of approximately 12% is also a key assumption in our discounted cash flow valuation model (Refer to Note 12— *Redeemable Noncontrolling Interest and Noncontrolling Interest* for additional information).

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The following table summarizes the activity for account balances whose fair value measurements are estimated utilizing level 3 inputs:

(in thousands)

	Redeemable Noncontrolling Interest			
	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Beginning period balance	\$ 141,253	\$ 116,843	\$ 136,500	\$ 162,750
Dividends paid to noncontrolling interest	(3,220)		(6,370)	(52,500)
Net income and fair value adjustment	2,672	(1,121)	10,575	5,472
End period balance	<u>\$ 140,705</u>	<u>\$ 115,722</u>	<u>\$ 140,705</u>	<u>\$ 115,722</u>

The net income amounts reflected in the table above are reported within the “net income attributable to noncontrolling interests” line in our condensed consolidated statements of operations.

Other Financial Instruments—The carrying values of our financial instruments do not materially differ from their estimated fair values as of 2013 and 2012 except for long-term debt, which is disclosed in note 9.

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8. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consisted of the following:

<i>(in thousands)</i>	September 30, 2013	As of December 31, 2012
Goodwill	\$ 597,306	\$ 551,821
Other intangible assets:		
Amortizable intangible assets:		
Carrying amount:		
Acquired network distribution rights	583,805	566,798
Customer lists	94,794	90,500
Copyrights and other trade names	66,942	63,712
Acquired rights and other	120,227	120,227
Total carrying amount	<u>865,768</u>	<u>841,237</u>
Accumulated amortization:		
Acquired network distribution rights	(120,425)	(98,355)
Customer lists	(53,472)	(42,692)
Copyrights and other trade names	(15,221)	(12,331)
Acquired rights and other	(14,334)	(9,359)
Total accumulated amortization	<u>(203,452)</u>	<u>(162,737)</u>
Total other intangible assets, net	<u>662,316</u>	<u>678,500</u>
Total goodwill and other intangible assets, net	<u>\$ 1,259,622</u>	<u>\$ 1,230,321</u>

During the nine month periods of 2013 and 2012, we made cash payments totaling \$30.7 million and \$14.3 million, respectively, that relate to intangible assets acquired in 2012. These cash payments are reported as an investing activity in the “Other, net” caption of our condensed consolidated statement of cash flows. Estimated amortization expense of intangible assets for each of the next five years is as follows: \$14.2 million for the remainder of 2013, \$55.0 million in 2014, \$46.2 million in 2015, \$44.8 million in 2016, \$44.1 million in 2017 and \$458.0 million in later years.

Activity related to goodwill by business segment was as follows:

<i>(in thousands)</i>	Lifestyle Media	Corporate and other	Total
Goodwill:			
Balance as of December 31, 2012	\$ 510,484	\$ 41,337	\$ 551,821
Additions—business acquisition		37,494	37,494
Adjustment of purchase price allocation		7,574	7,574
Foreign currency translation adjustment		417	417
Balance as of September 30, 2013	<u>\$ 510,484</u>	<u>\$ 86,822</u>	<u>\$ 597,306</u>

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9. Long-Term Debt

Long-term debt consisted of the following:

<i>(in thousands)</i>	As of	
	September 30, 2013	December 31, 2012
3.55% senior notes due in 2015	\$ 884,806	\$ 884,694
2.70% senior notes due in 2016	499,614	499,522
Total long-term debt	<u>\$ 1,384,420</u>	<u>\$ 1,384,216</u>
Fair value of long-term debt*	<u>\$ 1,433,956</u>	<u>\$ 1,449,872</u>

* The fair value of the long-term senior notes were estimated using level 2 inputs comprised of quoted prices in active markets, market indices and interest rate measurements for debt with similar remaining maturity.

The \$885 million of aggregate principal amount Senior Notes were issued by a majority-owned subsidiary of SNI through a private placement. The Senior Notes mature on January 15, 2015 and bear interest at 3.55%. Interest is paid on the notes on January 15th and July 15th of each year. The Senior Notes are guaranteed by SNI. Cox TMI, Inc., a wholly-owned subsidiary of Cox Communications, Inc. and 35% owner in the Travel Channel has agreed to indemnify SNI for payments made in respect of SNI's guarantee.

Our \$500 million of aggregate principal amount Senior Notes mature on December 15, 2016 bearing interest at 2.70%. Interest is paid on the notes on June 15th and December 15th of each year.

We have a Competitive Advance and Revolving Credit Facility (the "Facility") that permits \$550 million in aggregate borrowings and expires in June 2014. The Facility bears interest based on the Company's credit ratings, with drawn amounts bearing interest at Libor plus 90 basis points and undrawn amounts bearing interest at 10 basis points as of September 30, 2013. There were no outstanding borrowings under the Facility at September 30, 2013 or December 31, 2012.

The Facility and Senior Note agreements include certain affirmative and negative covenants, including the incurrence of additional indebtedness and maintenance of a maximum leverage ratio.

10. Other Liabilities

Other liabilities consisted of the following:

<i>(in thousands)</i>	As of	
	September 30, 2013	December 31, 2012
Liability for pension and post employment benefits	\$ 88,596	\$ 92,758
Deferred compensation	35,059	27,940
Liability for uncertain tax positions	73,904	63,182
Other	41,069	53,522
Other liabilities (less current portion)	<u>\$ 238,628</u>	<u>\$ 237,402</u>

The "Other" caption in the table above for September 30, 2013 and December 31, 2012 includes \$31.8 million and \$42.8 million, respectively, of obligations recognized for the purchase of intangible assets. The "Other" caption also includes the estimated fair value of the Real Gravity contingent consideration liability for \$8.3 million and \$9.7 million at September 30, 2013 and December 31, 2012, respectively.

11. Foreign Exchange Risk Management

In order to minimize earnings and cash flow volatility resulting from currency exchange rate changes, we may enter into derivative instruments, principally forward foreign currency contracts. These contracts are designed to hedge anticipated foreign currency transactions and changes in the value of specific assets, liabilities and probable commitments. All of our forward contracts are designated as freestanding derivatives and are designed to minimize foreign currency exposures between the U.S. Dollar and British Pound. We do not enter into currency exchange rate derivative instruments for speculative purposes.

The freestanding derivative forward contracts are used to offset our exposure to the change in value of specific foreign currency denominated assets and liabilities. These derivatives are not designated as hedges, and therefore, changes in the value of these forward contracts are recognized currently in earnings, thereby offsetting the current earnings effect of the related change in U.S. dollar value of foreign currency denominated assets and liabilities. The cash flows from these contracts are reported as operating activities in the condensed consolidated statements of cash flows. The gross notional amount of these contracts outstanding at September 30, 2013 was \$230 million and was \$233 million at December 31, 2012.

We recognized \$0.5 million of gains in 2013 and \$10.1 million of losses in 2012 from these forward contracts which are reported in the “Miscellaneous, net” caption in the condensed consolidated statements of operations. The gains and losses recognized from these forward contracts are more than offset by foreign exchange transaction losses of \$2.3 million that have been recognized in 2013 and \$21.4 million of gains that were recognized in 2012. Foreign exchange transaction gains and losses are also recorded in the “Miscellaneous, net” caption in our condensed consolidated financial statements.

12. Redeemable Noncontrolling Interest and Noncontrolling Interest

Redeemable Noncontrolling Interest

A noncontrolling interest holds a 35% residual interest in the Travel Channel. The noncontrolling interest has the right to require us to repurchase their interest and we have an option to acquire their interest. The noncontrolling interest will receive the fair value for their interest at the time either option is exercised. The put option on the noncontrolling interest in the Travel Channel becomes exercisable in 2014. The call option becomes exercisable in 2015.

Noncontrolling Interest

The Food Network is operated and organized under the terms of a general partnership (the “Partnership”). SNI and a noncontrolling owner hold interests in the Partnership. During the fourth quarter of 2012, the Partnership agreement was extended and specifies a dissolution date of December 31, 2014. If the term of the Partnership is not extended prior to that date, the agreement permits the Company, as the holder of approximately 80% of the applicable votes, to reconstitute the Partnership and continue its business. If the Partnership is not extended or reconstituted it will be required to limit its activities to winding up, settling debts, liquidating assets and distributing proceeds to the partners in proportion to their partnership interests.

13. Stock Based Compensation and Share Repurchase Program

We have a Long-Term Incentive Plan (the “Plan”) which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2012. The Plan provides for long-term performance compensation for key employees and members of the Board of Directors. A variety of discretionary awards for employees and non-employee directors are authorized under the plan, including incentive or non-qualified stock options, stock appreciation rights, restricted or nonrestricted stock awards and performance awards.

For the year-to-date period of 2013, the Company granted 0.5 million stock options and 0.3 million restricted share awards, including performance share awards. The number of shares ultimately issued for the performance share awards depends upon the specified performance conditions attained. Share based compensation costs totaled \$6.1 million for the third quarter of 2013 and \$5.5 million for the third quarter of 2012. Year-to-date share based compensation costs totaled \$31.5 million in 2013 and \$25.3 million in 2012. The fair values for share options and performance-based restricted share awards are estimated on the date of grant using a lattice-based binomial model and Monte Carlo simulation model, respectively. Assumptions utilized in the models are evaluated and revised, as necessary, to reflect market conditions and experience.

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As of September 30, 2013, \$4.6 million of total unrecognized stock-based compensation costs related to stock options is expected to be recognized over a weighted-average period of 1.8 years. In addition, \$21.7 million of total unrecognized stock-based compensation cost related to restricted stock awards, including performance awards, is expected to be recognized over a weighted-average period of 1.5 years.

Share Repurchase Program

Under a share repurchase program authorized by the Board of Directors in June 2011, we were authorized to repurchase up to \$1 billion of Class A Common shares. During the first half of 2012, we completed the repurchase of shares under the authorization following the acquisition of 10.1 million shares for approximately \$500 million.

In July 2012, the Board of Directors authorized an additional \$1 billion for the Company's share repurchase plan. All shares repurchased under the program are constructively retired and returned to unissued shares. There is no expiration date for the program and we are under no commitment or obligation to repurchase any particular amount of Class A Common shares under the program. During the third quarter of 2013, we repurchased 45,730 shares for approximately \$3.1 million. For the year-to-date period of 2013, we repurchased 3.9 million shares for approximately \$253 million. As of September 30, 2013, \$647 million remains available for repurchase under the authorization.

14. Employee Benefit Plans

The Company offers various postretirement benefits to its employees.

The components of benefit plan expense consisted of the following:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Interest cost	\$ 910	\$ 806	\$ 2,586	\$ 2,406
Expected return on plan assets, net of expenses	(1,098)	(935)	(3,274)	(2,635)
Actuarial (gain)/loss	729	513	2,379	1,563
Settlement charges	1,462		1,462	
Total for defined benefit plans	2,003	384	3,153	1,334
Supplemental executive retirement plan ("SERP")	2,025	923	4,163	2,723
Defined contribution plans	3,403	3,213	13,046	11,568
Total	\$ 7,431	\$ 4,520	\$ 20,362	\$ 15,625

Amortization of actuarial losses for our nonqualified supplemental executive retirement plan ("SERP") totaled \$0.7 million in the third quarter of 2013 and \$0.5 million in the third quarter of 2012. Year-to-date amortization of actuarial losses totaled \$2.1 million in 2013 and \$1.5 million in 2012.

During 2013, we have recognized \$2.4 million of settlement charges related to lump-sum distribution from our defined benefit and SERP retirement plans. 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.

We contributed \$2.3 million to fund current benefit payments for our SERP during the year-to-date period of 2013. We anticipate contributing \$0.3 million to fund the SERP's benefit payments during the remainder of fiscal 2013. We made contributions totaling \$4.0 million to our SNI Pension Plan during 2013.

Executive Deferred Compensation Plan

We have an unqualified executive deferred compensation plan that is available to certain management level employees and directors of the Company. Under the plan, participants may elect to defer receipt of a portion of their annual compensation. The deferred compensation plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits. We may use corporate owned life insurance contracts held in a rabbi trust to support the plan. During 2012, we invested \$7.0 million within this rabbi trust and purchased \$6.4 million of corporate owned life insurance contracts with

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these assets. The cash surrender value of the company owned life insurance contracts totaled \$6.9 million at September 30, 2013 and \$6.4 million at December 31, 2012, and are included in "Other assets" in our condensed consolidated balance sheets. Gains or losses related to the insurance contracts are included in the caption "Miscellaneous, net" in our condensed consolidated statement of operations. The unsecured obligation to pay the compensation deferred, adjusted to reflect the positive or negative performance of investment measurement options selected by each participant, totaled \$36.0 million at September 30, 2013 and \$28.9 million at December 31, 2012, and are included in "Other liabilities" in our condensed consolidated balance sheets.

15. Comprehensive Income

Changes in the accumulated other comprehensive income or loss ("AOCI") balance by component consisted of the following for the respective periods of 2013:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	Currency Translation Adjustments	Pension Liability Adjustments	Currency Translation Adjustments	Pension Liability Adjustments
AOCI beginning period balance	\$ (19,747)	\$ (42,525)	\$ 5,645	\$ (44,507)
Other comprehensive income (loss) before reclassifications	23,429	(61)	(1,963)	(61)
Amounts reclassified from AOCI		905		2,887
Net current-period other comprehensive income (loss)	23,429	844	(1,963)	2,826
AOCI balance as of September 30, 2013	\$ 3,682	\$ (41,681)	\$ 3,682	\$ (41,681)

Amounts reported in the table above are net of income tax.

Amounts reclassified to net earnings for pension liability adjustments relate to the amortization of actuarial losses. These amounts are included within the "Selling, general and administrative" caption on our condensed consolidated statement of operations and totaled \$1.4 million for the third quarter 2013 and \$4.5 million in the year-to-date period of 2013 (see Note 14 *Employee Benefit Plans* for further information).

Changes in the AOCI balance by component consisted of the following for the respective periods of 2012:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	Currency Translation Adjustments	Pension Liability Adjustments	Currency Translation Adjustments	Pension Liability Adjustments
AOCI beginning period balance	\$ (12,268)	\$ (32,537)	\$ 380	\$ (33,727)
Other comprehensive income (loss) before reclassifications	19,543	14	6,895	14
Amounts reclassified from AOCI		547		1,737
Net current-period other comprehensive income (loss)	19,543	561	6,895	1,751
AOCI balance as of September 30, 2012	\$ 7,275	\$ (31,976)	\$ 7,275	\$ (31,976)

Amounts reported in the table above are net of income tax.

Amounts reclassified to net earnings for pension liability adjustments totaled \$1.0 million for the third quarter 2012 and \$3.1 million in the year-to-date period of 2012.

16. Segment Information

The Company determines its operating segments based upon our management and internal reporting structure. We manage our operations through one reportable operating segment, Lifestyle Media.

Lifestyle Media includes our national television networks, Food Network, HGTV, Travel Channel, DIY Network, Cooking Channel and Great American Country. Lifestyle Media also includes websites that are associated with the aforementioned television brands and other Internet-based businesses serving food, home and travel related categories. The Food Network and Cooking Channel are included in the Food Network partnership of which we own approximately 69%. We also own 65% of Travel Channel. Each of our networks is distributed by cable and satellite distributors and telecommunication service providers. Lifestyle Media earns revenue primarily from the sale of advertising time and from affiliate fees paid by cable and satellite television systems.

The results of businesses not separately identified as reportable segments are included within our corporate and other caption. Corporate and other includes the results of the lifestyle-oriented channels we operate in Europe, the Middle East, Africa and Asia-Pacific, operating results from the international licensing of our national networks' programming, and other interactive and digital business initiatives that are not associated with our Lifestyle Media or international businesses.

Each of our businesses may provide advertising, programming or other services to one another. In addition, certain corporate costs and expenses, including information technology, pensions and other employee benefits, and other shared services, are allocated to our businesses. The allocations are generally amounts agreed upon by management, which may differ from amounts that would be incurred if such services were purchased separately by the business.

Our chief operating decision maker evaluates the operating performance of our businesses and makes decisions about the allocation of resources to the businesses using a measure we call segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring activities, investment results and certain other items that are included in net income determined in accordance with accounting principles generally accepted in the United States of America.

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Information regarding our segments is as follows:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Segment operating revenues:				
Lifestyle Media	\$ 594,941	\$ 551,917	\$ 1,823,103	\$ 1,671,516
Corporate and other	23,184	14,269	54,535	31,011
Intersegment eliminations	(1,224)		(1,224)	(10)
Total operating revenues	\$ 616,901	\$ 566,186	\$ 1,876,414	\$ 1,702,517
Segment profit (loss):				
Lifestyle Media	\$ 291,340	\$ 273,033	\$ 921,370	\$ 848,089
Corporate and other	(29,304)	(21,967)	(92,179)	(73,107)
Total segment profit	262,036	251,066	829,191	774,982
Depreciation and amortization of intangible assets	(29,514)	(28,978)	(85,768)	(79,432)
Gains (losses) on disposal of property and equipment	(95)	(16)	(1,570)	(102)
Interest expense	(12,337)	(12,518)	(36,679)	(37,945)
Equity in earnings of affiliates	15,180	11,240	61,172	46,267
Miscellaneous, net	(626)	1,667	(344)	12,689
Income from operations before income taxes	\$ 234,644	\$ 222,461	\$ 766,002	\$ 716,459

(in thousands)

	As of	
	September 30, 2013	December 31, 2012
Assets:		
Lifestyle Media	\$ 2,819,263	\$ 2,872,778
Corporate and other	1,466,397	1,266,020
Total assets	\$ 4,285,660	\$ 4,138,798

No single customer provides more than 10% of our total operating revenues.

Assets held by our businesses outside of the United States totaled \$640 million at September 30, 2013 and \$575 million at December 31, 2012.

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

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

FORWARD-LOOKING STATEMENTS

This discussion and the information contained in the notes to the condensed consolidated financial statements contain certain forward-looking statements that are based on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include changes in advertising demand and other economic conditions; consumers' tastes; program costs; labor relations; technological developments; competitive pressures; interest rates; regulatory rulings; and reliance on third-party vendors for various products and services. The words "believe," "expect," "anticipate," "estimate," "intend" and similar expressions identify forward-looking statements. All forward-looking statements, which are as of the date of this filing, should be evaluated with the understanding of their inherent uncertainty. We undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

OVERVIEW

Scripps Networks Interactive is one of the leading developers of lifestyle-oriented content for television and the Internet with respected, high-profile television and interactive brands. We seek to engage audiences that are highly desirable to advertisers with entertaining and informative lifestyle content that is produced for television, the Internet and any other media platforms consumers choose. We intend to expand and enhance our brands through the creation of popular new programming content, the use of new distribution platforms, such as mobile phones and video-on-demand, the licensing and sale of branded consumer products and through international expansion.

We manage our operations through our reportable operating segment, Lifestyle Media. Lifestyle Media includes our national television networks, Food Network, HGTV, Travel Channel, DIY Network ("DIY"), Cooking Channel and Great American Country. Lifestyle Media also includes websites that are associated with the aforementioned television brands and other Internet-based businesses serving food, home and travel related categories. Our Lifestyle Media branded websites consistently rank at or near the top in their respective lifestyle categories on a unique visitor basis.

Lifestyle Media generated revenues of approximately \$595 million during the third quarter of 2013, which represented 96 percent of our consolidated revenues, compared with \$552 million and 98 percent for the third quarter of 2012. Lifestyle Media revenues were approximately \$1.8 billion for the year-to-date period of 2013 compared with \$1.7 billion for the same period in 2012. Lifestyle Media generates revenue principally from the sale of advertising time on national television networks and interactive media platforms and from affiliate fees paid by cable television operators, direct-to-home satellite services and other distributors that carry our network programming. Advertising revenues for Lifestyle Media may be affected by the strength of advertising markets and general economic conditions and may also fluctuate depending on the success of our programming, as measured by viewership, at any given time. For the year-to-date period of 2013, revenues from advertising sales and affiliate fees were approximately 69 percent and 30 percent, respectively, of total revenue for the segment. Lifestyle Media also earns revenue from the licensing of its content to third parties and the licensing of its brands for consumer products such as videos, books, kitchenware and tools.

Programming expense, employee costs, and sales and marketing expenses are the primary operating costs for Lifestyle Media. Program amortization represented 44 percent of Lifestyle Media expenses in 2013 reflecting our continued investment in the improved quality and variety of programming on our networks. We incur sales and marketing expenses to support brand-building initiatives at all of our television networks.

We also have established lifestyle media brands internationally. We currently broadcast 16 channels reaching approximately 129 million subscribers under the Food Network, HGTV, Travel Channel, Asian Food Channel, DIY and Fine Living Brands. In addition to the broadcast networks, we also license a portion of our programming to other broadcasters that can be seen in over 200 territories. Operating results for our international businesses are reported within our corporate and other segment.

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Our international businesses generated revenues of \$19.8 million during the third quarter of 2013, which represented 3 percent of our consolidated revenues compared with \$13.9 million and 2 percent for the third quarter of 2012. These businesses earn revenues primarily from advertising sales, affiliate fees, and the licensing of programming to third parties. In 2013, revenues from advertising sales, affiliate fees, and program licensing were approximately 26 percent, 47 percent and 27 percent, respectively, of total revenue for our international businesses. Satellite transmission fees, programming expense, employee costs, and sales and marketing expenses are the primary operating costs for our international businesses.

The growth of our international business both organically and through acquisitions and joint ventures continues to be a strategic priority of the Company. In the second quarter of 2013, we completed our acquisition of the Asian Food Channel (“AFC”). AFC, which is based in Singapore, is an independent company which broadcasts 24 hours a day, seven days a week and leverages a substantial library of acquired Asian and international video content as well as a growing number of originally-produced programs and reaches about 8 million subscribers in 11 markets. In the second quarter of 2012, we completed the acquisition of Travel Channel International (“TCI”). TCI is an independent company headquartered in the United Kingdom that broadcasts in 21 languages to 128 countries across Europe, the Middle East, Africa, and Asia-Pacific.

Operating revenues in the third quarter of 2013 increased 9.0 percent to \$617 million compared with the same period a year ago, while segment profit for the period was \$262 million compared with \$251 million a year earlier, a 4.4 percent increase. Operating revenues for the year-to-date period of 2013 increased 10 percent to \$1.9 billion compared with \$1.7 billion for the same period in 2012. Segment profit for the year-to-date period of 2013 was \$829 million compared with \$775 million for the same period in 2012, a 7.0 percent increase.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make a variety of decisions which affect reported amounts and related disclosures, including the selection of appropriate accounting principles and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We are committed to 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 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used could materially change the financial statements. We believe the accounting for Programs and Program Licenses, Revenue Recognition, Acquisitions, Goodwill, Finite-Lived Intangible Assets, and Income Taxes to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies and Estimates section of Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2012. There have been no significant changes in those accounting policies.

RESULTS OF OPERATIONS

The competitive landscape in our business is affected by multiple media platforms competing for consumers and advertising dollars. We strive to create popular programming that resonates with viewers across a variety of demographic groups, develop brands and create new media platforms through which we can capitalize on the audiences we aggregate.

Consolidated results of operations were as follows:

<i>(in thousands)</i>	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	Change	2013	2012	Change
Operating revenues	\$ 616,901	\$ 566,186	9.0%	\$ 1,876,414	\$ 1,702,517	10.2%
Cost of services, excluding depreciation and amortization of intangible assets	(178,221)	(156,297)	14.0%	(510,649)	(444,981)	14.8%
Selling, general and administrative Depreciation and amortization of intangible assets	(176,644)	(158,823)	11.2%	(536,574)	(482,554)	11.2%
	(29,514)	(28,978)	1.8%	(85,768)	(79,432)	8.0%
Gains (losses) on disposal of property and equipment	(95)	(16)		(1,570)	(102)	
Operating income	232,427	222,072	4.7%	741,853	695,448	6.7%
Interest expense	(12,337)	(12,518)	(1.4)%	(36,679)	(37,945)	(3.3)%
Equity in earnings of affiliates	15,180	11,240	35.1%	61,172	46,267	32.2%
Miscellaneous, net	(626)	1,667		(344)	12,689	
Income from operations before income taxes	234,644	222,461	5.5%	766,002	716,459	6.9%
Provision for income taxes	(64,174)	(65,653)	(2.3)%	(234,002)	(211,277)	10.8%
Net income	170,470	156,808	8.7%	532,000	505,182	5.3%
Net income attributable to noncontrolling interests	(41,467)	(38,398)	8.0%	(135,449)	(129,505)	4.6%
Net income attributable to SNI	\$ 129,003	\$ 118,410	8.9%	\$ 396,551	\$ 375,677	5.6%

The increase in operating revenues for the third quarter of 2013 was due primarily to solid growth in advertising sales and affiliate fee revenue from our national television networks. Advertising revenues from our national networks increased \$28.1 million or 7.5 percent for the third quarter of 2013 compared with the third quarter of 2012. For the year-to-date period of 2013 compared with the year-to-date period of 2012, advertising revenues were up \$105 million or 9.2 percent. The increase in advertising revenues is primarily attributed to higher pricing in our sold advertising units. Affiliate fee revenues at our national television networks increased \$15.0 million or 8.9 percent in the third quarter of 2013 compared with the third quarter of 2012. For the year-to-date period of 2013 compared with the year-to-date period of 2012, affiliate fee revenues were up \$45.0 million or 9.0 percent. The increase in affiliate fee revenues is primarily due to contractual rate increases as well as reduced launch incentive amortization on a few of our networks in the current year.

Cost of services, which are comprised of program amortization and the costs associated with distributing our content, increased 14 percent in the third quarter of 2013 and 15 percent for the year-to-date period of 2013 compared with the respective periods in 2012. Program amortization attributed to our continued investment in the improved quality and variety of programming at our networks represents the largest expense and is the primary driver of fluctuations in costs of services. Program amortization increased \$19.0 million in the third quarter of 2013 and \$48.8 million for the year-to-date period of 2013 compared with 2012.

Selling, general and administrative expenses are primarily comprised of sales, marketing and advertising expenses, research costs, administrative costs, and costs of facilities. Selling, general and administrative expenses increased 11 percent in the third quarter of 2013 and year-to-date periods of 2013 compared with the respective periods in 2012. The hiring of additional employees to support the growth of our businesses and the costs associated with both international expansion initiatives and other interactive and digital business initiatives contributed to the increase in selling, general and administrative expenses.

Interest expense primarily reflects the interest incurred on our outstanding borrowings. Our outstanding borrowings include \$885 million aggregate principal amount Senior Notes that bear interest at 3.55% and mature on January 15, 2015. We also have \$500 million aggregate principal amount Senior Notes outstanding that bear interest at 2.70% and mature on December 15, 2016.

Equity in earnings of affiliates represents the proportionate share of net income or loss from each of our equity method investments. Included in equity in earnings of affiliates is our proportionate 50% share of results from UKTV. Our equity in earnings from the UKTV investment is reduced by amortization

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reflecting differences in the consideration paid for our equity interest in the entity and our 50% proportionate share of UKTV's equity. Accordingly, equity in earnings of affiliates in the third quarter of 2013 includes our \$6.4 million proportionate share of UKTV's results for 2013 and \$6.3 million for our proportionate share of UKTV's results in the third quarter of 2012. For the year-to-date period of 2013, equity in earnings of affiliates includes \$28.1 million for our proportionate share of UKTV's results compared with \$26.5 million for the year-to-date period of 2012. Equity in earnings of affiliates was reduced by amortization on the UKTV investment of \$4.5 million for the third quarter of 2013 and 2012. Equity in earnings of affiliates was reduced by amortization on the UKTV investment of \$13.4 million for the year-to-date period of 2013 and \$13.6 million for the year-to-date period of 2012. Increased contributions from our investments in HGTV Canada and Food Network Canada and the improved performance from HGTV and Food Network Magazines contributed to the increase in equity in earnings of affiliates for the third quarter and year-to-date periods of 2013 compared with the respective periods in 2012.

We recognized foreign exchange gains of \$0.1 million during the third quarter of 2013 and \$1.9 million during the third quarter of 2012. For the year-to-date period of 2013, we recognized foreign exchange losses of \$1.9 million and \$11.3 million of foreign exchange gains were recognized for the year-to-date period of 2012. These gains and losses, reported within the "Miscellaneous, net" caption in our condensed consolidated statements of operations, relate to realized and unrealized foreign exchange on the Company's foreign denominated asset and liability balances.

Our third quarter of 2013 effective income tax rate was 27.3 percent compared with 29.5 percent for the third quarter of 2012. For the year-to-date period of 2013, our effective income tax rate was 30.5 percent compared with 29.5 percent for the year-to-date period of 2012. Our income tax provision in the third quarter of 2013 includes a \$5.4 million favorable tax adjustment reflecting an increase in the taxable income attributable to businesses with noncontrolling owners. Additionally, for the year-to-date period of 2013, our income tax provision includes unfavorable tax adjustments totaling \$10.5 million that reflect the impacts of the reinstatement of certain provisions included within the American Taxpayer Relief Act of 2012 and reaching agreement on certain income tax audits.

Net income attributable to noncontrolling interests increased due to the growing profitability of both the Food Network partnership and the Travel Channel.

Business Segment Results - As discussed in Note 16—*Segment Information* to the condensed consolidated financial statements, our chief operating decision maker evaluates the operating performance of our businesses and makes decisions about the allocation of resources to the businesses using a performance measure we call segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, restructuring activities, investment results and certain other items that are included in net income 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 businesses. 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. Financing, tax structure and divestiture decisions are generally made by corporate executives. Excluding these items from the performance measure of our business enables us to evaluate operating performance based upon current economic conditions and decisions made by the managers of those businesses in the current period.

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

(in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	Change	2013	2012	Change
Segment operating revenues:						
Lifestyle Media	\$ 594,941	\$ 551,917	7.8%	\$ 1,823,103	\$ 1,671,516	9.1%
Corporate and other	23,184	14,269	62.5%	54,535	31,011	75.9%
Intersegment eliminations	(1,224)			(1,224)	(10)	
Total operating revenues	\$ 616,901	\$ 566,186	9.0%	\$ 1,876,414	\$ 1,702,517	10.2%
Segment profit (loss):						
Lifestyle Media	\$ 291,340	\$ 273,033	6.7%	\$ 921,370	\$ 848,089	8.6%
Corporate and other	(29,304)	(21,967)	33.4%	(92,179)	(73,107)	26.1%
Total segment profit	262,036	251,066	4.4%	829,191	774,982	7.0%
Depreciation and amortization of intangible assets	(29,514)	(28,978)	1.8%	(85,768)	(79,432)	8.0%
Gains (losses) on disposal of property and equipment	(95)	(16)		(1,570)	(102)	
Interest expense	(12,337)	(12,518)	(1.4)%	(36,679)	(37,945)	(3.3)%
Equity in earnings of affiliates	15,180	11,240	35.1%	61,172	46,267	32.2%
Miscellaneous, net	(626)	1,667		(344)	12,689	
Income from operations before income taxes	\$ 234,644	\$ 222,461	5.5%	\$ 766,002	\$ 716,459	6.9%

Corporate and other includes the results of the lifestyle-oriented channels we operate in Europe, the Middle East, Africa and Asia-Pacific, operating results from the international licensing of our national networks' programming, and the costs associated with both international expansion initiatives and other interactive and digital business initiatives. Operating results from our international operations and other interactive and digital business initiatives increased the segment loss at corporate and other by \$9.4 million in the third quarter of 2013 and \$31.5 million for the year-to-date period of 2013 compared with \$5.4 million in the third quarter of 2012 and \$17.2 million for the year-to-date period of 2012.

A reconciliation of segment profit to operating income determined in accordance with accounting principles generally accepted in the United States of America is as follows:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Operating income	\$ 232,427	\$ 222,072	\$ 741,853	\$ 695,448
Depreciation and amortization of intangible assets:				
Lifestyle Media	25,178	26,602	73,959	73,919
Corporate and other	4,336	2,376	11,809	5,513
Losses (gains) on disposal of property and equipment:				
Lifestyle Media	95	17	1,500	103
Corporate and other		(1)	70	(1)
Total segment profit	\$ 262,036	\$ 251,066	\$ 829,191	\$ 774,982

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Lifestyle Media – Lifestyle Media includes six national television networks and a collection of Internet businesses.

Our Lifestyle Media division earns revenue primarily from the sale of advertising time on our national networks, affiliate fees paid by cable and satellite television operators that carry our network programming, the licensing of its content to third parties, the licensing of its brands for consumer products and from the sale of advertising on our Lifestyle Media affiliated websites. Employee costs, programming costs, and sales and marketing costs are Lifestyle Media's primary expenses. The demand for national television advertising is the primary economic factor that impacts the operating performance of our networks.

Operating results for Lifestyle Media were as follows:

(in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	Change	2013	2012	Change
Segment operating revenues:						
Advertising	\$ 402,708	\$ 374,583	7.5%	\$ 1,250,125	\$ 1,145,017	9.2%
Network affiliate fees, net	183,334	168,353	8.9%	545,773	500,816	9.0%
Other	8,899	8,981	(0.9)%	27,205	25,683	5.9%
Total segment operating revenues	594,941	551,917	7.8%	1,823,103	1,671,516	9.1%
Segment costs and expenses:						
Cost of services	166,304	147,955	12.4%	477,997	425,812	12.3%
Selling, general and administrative	137,297	130,929	4.9%	423,736	397,615	6.6%
Total segment costs and expenses	303,601	278,884	8.9%	901,733	823,427	9.5%
Segment profit	\$ 291,340	\$ 273,033	6.7%	\$ 921,370	\$ 848,089	8.6%

Supplemental Information:

Billed network affiliate fees	\$ 185,097	\$ 173,642		\$ 551,072	\$ 519,213
Program payments	169,346	163,831		458,918	474,091
Depreciation and amortization	25,178	26,602		73,959	73,919
Capital expenditures	8,909	12,076		36,347	27,931

The amount of advertising revenue we earn is a function of the pricing negotiated with advertisers, the number of advertising spots sold, and audience impressions delivered by our programming. High single digit pricing growth was the primary contributor to our advertising revenue increases in both the third quarter of 2013 and year-to-date period of 2013 compared with the respective periods of 2012.

Distribution agreements with cable and satellite television systems require distributors to pay SNI fees over the terms of the agreements in exchange for certain rights to distribute our content. The amount of revenue earned from our distribution agreements is dependent on the rates negotiated in the agreements and the number of subscribers that receive our networks. The increase in network affiliate fees for the third quarter and year-to-date periods of 2013 compared with 2012 was primarily due to contractual rate increases. Lower launch incentive amortization in 2013 also contributed approximately 2% of the increase in network affiliate fees for the third quarter and year-to-date periods of 2013 compared with 2012. The number of subscribers receiving our networks was relatively flat in 2013 compared with 2012.

The increase in cost of services reflects our continued investment in the improved quality and variety of programming at our networks. Program amortization increased \$18.0 million in the third quarter of 2013 compared with the third quarter of 2012 and increased \$45.7 million for the year-to-date period of 2013 compared with the year-to-date period of 2012.

The increase in selling, general and administrative expenses in 2013 compared with 2012 reflects an increase in employee compensation and benefits reflecting the hiring of additional employees to support the growth of Lifestyle Media and an increase in other expenses related to investments in planned interactive and digital business initiatives.

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Supplemental financial information for Lifestyle Media is as follows:

(in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	Change	2013	2012	Change
Operating revenues by brand:						
Food Network	\$ 202,359	198,872	1.8%	\$ 635,150	\$ 616,162	3.1%
HGTV	219,082	195,363	12.1%	656,843	586,073	12.1%
Travel Channel	77,325	68,893	12.2%	237,851	209,254	13.7%
DIY	33,967	29,852	13.8%	104,526	91,221	14.6%
Cooking Channel	26,684	21,643	23.3%	81,592	63,863	27.8%
Great American Country	6,563	6,945	(5.5)%	19,982	16,927	18.0%
Digital Businesses	25,933	27,726	(6.5)%	77,161	78,446	(1.6)%
Other	3,044	2,623	16.1%	11,144	9,767	14.1%
Intrasegment eliminations	(16)			(1,146)	(197)	
Total segment operating revenues	\$594,941	551,917	7.8%	\$1,823,103	\$1,671,516	9.1%
Subscribers (1):						
Food Network				100,600	99,100	1.5%
HGTV				99,500	98,400	1.1%
Travel Channel				95,600	94,200	1.5%
DIY				59,300	57,100	3.9%
Cooking Channel				61,600	59,200	4.1%
Great American Country				63,800	61,700	3.4%

(1) Subscriber counts are according to the Nielsen Homevideo Index of homes that receive cable networks.

Revenues for Digital Businesses in 2012 include business operations that are now captured within our corporate and other segment caption in 2013. The revenues from these business operations, previously captured in our lifestyle media segment, totaled \$0.9 million in the third quarter of 2012 and \$2.9 million for the year-to-date period of 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary sources of liquidity are cash and cash equivalents on hand, cash flows from operations, available borrowing capacity under our revolving credit facility, and access to capital markets. Advertising provides approximately 70 percent of total operating revenues, so cash flow from operating activities can be adversely affected during recessionary periods. Our cash and cash equivalents totaled \$557 million at September 30, 2013 and \$438 million at December 31, 2012. We have a Competitive Advance and Revolving Credit Facility (the "Facility") that permits \$550 million in aggregate borrowings and expires in June 2014. There were no outstanding borrowings under the Facility at September 30, 2013.

Our cash flow has been used primarily to fund acquisitions and investments, develop new businesses, acquire common stock under our share repurchase programs, pay dividends on our common stock and repay debt. We expect cash flow from operating activities in 2013 will provide sufficient liquidity to continue the development of brands and to fund the capital expenditures to support our business.

Cash Flows

Cash and cash equivalents increased \$119 million for the nine months ended 2013 and decreased \$321 million for the nine months ended 2012. Components of these changes are discussed below in more detail.

Operating Activities – Cash provided by operating activities totaled \$683 million for the nine months ended 2013 and \$434 million for the nine months ended 2012.

Segment profit generated from our business segments totaled \$829 million for the year-to-date period of 2013 and \$775 million for the year-to-date period of 2012. Growth in operating revenues at our Lifestyle Media segment of 9.1 percent in 2013 compared with 2012 contributed to the year-over-year increase in segment profit. Program payments exceeded the program amortization recognized in our statement of operations by \$65.8 million for the year-to-date period of 2013 and \$123 million for the year-to-date period of 2012, reducing cash provided by operating activities for those periods. Cash provided by operating activities is also impacted by payments for income taxes and interest totaling \$194 million for the year-to-date period of 2013 and \$294 million for the year-to-date period of 2012.

Investing Activities – Cash used in investing activities totaled \$132 million for the year-to-date period of 2013 and \$145 million for the year-to-date period of 2012. Capital expenditures totaled \$47.4 million for the year-to-date period of 2013 and \$34.1 million for the year-to-date period of 2012.

On April 12, 2013, we acquired the Asian Food Channel ("AFC") for net cash consideration of approximately \$64.4 million.

On April 30, 2012, we acquired Travel Channel International, Ltd. ("TCI") for net cash consideration of approximately \$107 million.

On January 30, 2012, we acquired RealGravity, Inc. for net cash consideration of approximately \$19.6 million.

Financing Activities – Cash used in financing activities totaled \$432 million for the year-to-date period of 2013 and \$609 million for the year-to-date period of 2012.

Under a share repurchase program approved by the Board of Directors in June 2011, we were authorized to repurchase \$1 billion of Class A Common shares. During the first half of 2012, we completed the repurchase of shares under the authorization following the acquisition of 10.1 million shares for approximately \$500 million.

On July 31, 2012, the Board of Directors authorized an additional \$1 billion for the Company's share repurchase plan. There is no expiration date for the program and we are under no commitment or obligation to repurchase any particular amount of Class A Common shares under the program. For the year-to-date period of 2013, we repurchased 3.9 million shares for approximately \$253 million.

We have \$500 million aggregate principal amount Senior Notes bearing interest at 2.70% Senior Notes that mature on December 15, 2016. Interest is paid on these notes on June 15th and December 15th of each year.

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We also have \$885 million aggregate principal amount Senior Notes that were issued by a majority-owned subsidiary of SNI through a private placement. The Senior Notes mature on January 15, 2015 bearing interest at 3.55%. Interest is paid on the Senior Notes on January 15th and July 15th of each year. The Senior Notes are guaranteed by SNI. Cox TMI, Inc., a wholly-owned subsidiary of Cox Communications, Inc. and 35% owner in the Travel Channel has agreed to indemnify SNI for all payments made in respect of SNI's guarantee.

Pursuant to the terms of the Food Network general partnership agreement, the partnership is required to distribute available cash to the general partners. After providing distributions to the partners for respective tax liabilities, available cash is then applied against any capital contributions made by the partners prior to distribution based upon each partners' ownership interest in the partnership. During the year-to-date period of 2012, remaining outstanding capital contributions had been returned to the respective partners. Cash distributions to Food Network's noncontrolling interest were \$140 million in the year-to-date period of 2013 and \$95.7 million in the year-to-date period of 2012. Cash distributions to Travel Channel's noncontrolling interest were \$6.4 million in the year-to-date period of 2013 and \$52.5 million in the year-to-date period of 2012. We expect cash distributions to noncontrolling interests will approximate \$175 million in 2013.

We have paid quarterly dividends since our inception as a public company on July 1, 2008. During the first quarter of 2013, the Board of Directors approved an increase in the quarterly dividend rate to \$.15 per share. Total dividend payments to shareholders of our common stock were \$66.4 million in the year-to-date period of 2013 and \$55.0 million in the year-to-date period of 2012. We currently expect that quarterly cash dividends will continue to be paid in the future. Future dividends are, however, subject to our earnings, financial condition and capital requirements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to interest rates and foreign currency exchange rates. We use or expect to use derivative financial instruments to modify exposure to risks from fluctuations in interest rates and foreign currency exchange rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure, and we do not hold or enter into financial instruments for speculative trading purposes.

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.

We are subject to interest rate risk associated with our credit facility as borrowings bear interest at Libor plus a spread that is determined relative to our Company's debt rating. Accordingly, the interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. The Company issued \$500 million of Senior Notes in December 2011 and a majority-owned subsidiary of SNI issued \$885 million of Senior Notes in conjunction with our acquisition of a controlling interest in the Travel Channel in December 2009. A 100 basis point increase in the level of interest rates would decrease the fair value of the Senior Notes by approximately \$26.9 million.

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

<i>(in thousands)</i>	As of September 30, 2013		As of December 31, 2012	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
3.55% notes due in 2015	\$ 884,806	\$ 914,296	\$ 884,694	\$ 928,147
2.70% notes due in 2016	499,614	519,660	499,522	521,725
Total long-term debt	<u>\$1,384,420</u>	<u>\$1,433,956</u>	<u>\$1,384,216</u>	<u>\$1,449,872</u>

We are also subject to interest rate risk associated with the notes receivable acquired in the UKTV transaction. The notes, totaling \$120 million at September 30, 2013 and \$129 million at December 31, 2012, effectively act as a revolving credit facility for UKTV. The notes accrue interest at variable rates, related to either the spread over LIBOR or other identified market indices. Because the notes receivable are variable rate, the carrying amount of such notes receivable is believed to approximate fair value.

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We conduct business in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. Dollar. Our primary exposure to foreign currencies is the exchange rates between the U.S. dollar and the Canadian dollar, the British pound and the Euro. Reported earnings and assets may be reduced in periods in which the U.S. dollar increases in value relative to those currencies.

Our objective in managing exposure to foreign currency fluctuations is to reduce volatility of earnings and cash flow. Accordingly, we may enter into foreign currency derivative instruments that change in value as foreign exchange rates change, such as foreign currency forward contracts or foreign currency options. The change in fair value of non-designated contracts is included in current period earnings within our Miscellaneous, net caption. The gross notional value of foreign exchange rate derivative contracts were \$230 million at September 30, 2013 and \$233 million at December 31, 2012. A sensitivity analysis of changes in the fair value of all foreign exchange rate derivative contracts at September 30, 2013 indicates that if the U.S. dollar strengthened/weakened by 10 percent against the British pound, the fair value of these contracts would increase/decrease by approximately \$23.1 million, respectively. Any gains and losses on the fair value of derivative contracts would be largely offset by gains and losses on the underlying assets being hedged. These offsetting gains and losses are not reflected in the above analysis.

CONTROLS AND PROCEDURES

SNI's 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.

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 three months ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

We acquired the Asian Food Channel on April 12, 2013. This business has total net assets of approximately \$66 million, subject to final asset valuation. We have excluded this business from management's report or internal control over financial reporting, as permitted by SEC guidance, during the quarter ended September 30, 2013.

SCRIPPS NETWORKS INTERACTIVE, INC.

Index to Exhibits

<u>Exhibit</u> <u>No.</u>	<u>Item</u>
10.31	Employment Agreement between the Company and Burton Jablin
10.34.C	Separation Agreement between the Company and John F. Lansing
31(a)	Section 302 Certifications
31(b)	Section 302 Certifications
32(a)	Section 906 Certifications *
32(b)	Section 906 Certifications *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* This exhibit is furnished herewith but will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.



Kenneth W. Lowe
Chairman of the Board, President, Chief Executive Officer

9721 Sherrill Blvd | Knoxville, TN 37932
865-560-4328 | fax 865-560-4710
ken.lowe@scrippsnetworks.com
Executive Assistant: Nancy Walters
865-560-4641 | nwalters@scrippsnetworks.com

September 1, 2013

Burton Jablin
211 Deer Park Circle
Nashville, TN 37205

Re: Employment Agreement

Dear Burton:

Scripps Networks Interactive, Inc. (the "Company"), either directly or through one of its subsidiaries, agrees to employ you and you agree to accept such employment upon the following terms and conditions:

1. Term. Subject to the provisions for earlier termination provided in paragraph 8 below, the term of your employment hereunder shall become effective as of September 1, 2013 and continue until December 31, 2017. Such period shall be referred to as the "Term," notwithstanding any earlier termination of your employment for any reason. The Company shall provide you with at least ninety (90) days' notice prior to the expiration of the Term if the Company does not intend to continue to employ you beyond the expiration of the Term. If the Company does not provide you with such notice and the Company and you do not agree in writing to renew or extend this Agreement or enter into a new employment agreement upon the expiration of the Term, the parties agree that, notwithstanding the expiration of this Agreement, you shall continue to be employed by the Company on an at-will basis which means that either you or the Company may terminate the employment relationship at any time upon thirty (30) days' prior written notices, with or without cause, and your Annual Salary will continue on a pro-rated basis.
2. Duties. You will be the President, Scripps Networks, reporting to the President and Chief Executive Officer of the Company ("Reporting Senior"). You agree as a member of management to devote substantially all your business time, and apply your best reasonable efforts, to promote the business and affairs of the Company and its affiliated companies during your employment. You will perform such duties and responsibilities commensurate with your position and title during the Term, and as may be reasonably assigned to you from time to time by your Reporting Senior. You shall not, without the prior written consent of the Company, directly or indirectly, during the Term, other than in the performance of duties naturally inherent to the businesses of the Company and in furtherance thereof, render services of a business, professional, or commercial nature to any other

person or firm, whether for compensation or otherwise; provided, however, that so long as it does not materially interfere with the performance of your duties hereunder, you may serve as a director, trustee or officer of, or otherwise participate in, educational, welfare, social, religious, civic, professional, or trade organizations. Your principal place of employment shall be in Knoxville.

3. Compensation.

(a) Annual Salary. For all the services rendered by you in any capacity under this Agreement, the Company agrees to pay you no less than \$850,000 a year in base salary ("Annual Salary"), less applicable deductions and withholding taxes, in accordance with the Company's payroll practices as they may exist from time to time during the Term. Your Annual Salary may be increased by the Company in conjunction with your annual performance review conducted pursuant to the guidelines and procedures of the Company applicable to similarly situated executives, but in no event shall your Annual Salary be less than the annual salary amount established under this paragraph 3(a) for the immediately previous calendar year.

(b) Annual Incentive. During your employment hereunder, you shall be eligible to participate in the Company's applicable Annual Incentive Plan, as amended, or any successor to such plan (the "Annual Incentive Plan") with a target annual incentive opportunity of 80% of your Annual Salary as established under paragraph 3(a) ("Annual Incentive"). The Annual Incentive amount actually paid shall be based on your attainment of, within the range of the minimum and maximum performance objectives, strategic and financial goals established for you by the Company. The Company shall pay to you any Annual Incentive under this paragraph 3(b) in accordance with the terms and subject to the conditions of the Annual Incentive Plan.

(c) Equity Awards. Subject to and conditioned up the approval of the Compensation Committee at its November, 2013 meeting, the Company shall grant to you:

(A) a performance-based restricted share unit award that covers a number of units (rounded to the nearest whole unit) obtained by dividing \$1 million by the closing per-share price of the Company's Class A Common Shares as listed on the New York Stock Exchange on the date designated by the Compensation Committee (the "Conversion Price"), which units shall be allocated equally between the 2016 and 2017 performance periods and shall be earned based upon the extent to which certain performance objectives, established by the Compensation Committee, have been achieved for each performance period, subject to your continuing employment through the applicable crediting date or the earlier termination of your employment by the Company without "cause", or your resignation for "good reason" (as those terms are defined in the Performance-Based Restricted Share Unit Agreement evidencing the grant of such units), which award shall be granted upon the terms, and subject to the conditions, of the 2008 Long-Term Incentive Plan and the award agreement evidencing the grant and approved by the Compensation Committee; and

(B) a time-based restricted share unit award that covers a number of units (rounded to the nearest whole unit) obtained by dividing \$1.5 million by the Conversion Price, which units shall vest on December 31, 2017, subject to earlier vesting upon a termination of your employment by the Company without "cause", or your resignation for "good reason" (as those terms are defined in the Restricted Share Unit Agreement evidencing the grant of such units), which award shall be granted upon the terms, and subject to the conditions, of the 2008 Long-Term Incentive Plan and the award agreement evidencing the grant and approved by the Compensation Committee; and

(C) a time-based restricted share unit award that covers a number of units (rounded to the nearest whole unit) obtained by dividing \$3.0 million by the Conversion Price, which units shall vest in equal installments on December 31, 2014, December 31, 2015 and December 31, 2016, subject to earlier vesting upon a termination of your employment by the Company without "cause", or your resignation for "good reason" (as those terms are defined in the Restricted Share Unit Agreement evidencing the grant of such units), which award shall be granted upon the terms, and subject to the conditions, of the 2008 Long-Term Incentive Plan and the award agreement evidencing the grant and approved by the Compensation Committee."

4. Benefits. During your employment hereunder, you shall be eligible to participate in all equity incentive plans of the Company applicable to similarly situated executives of the Company in accordance with the terms of each plan. During your employment hereunder, you shall also be entitled to participate in any employee retirement, pension and welfare benefit plan or program available to similarly situated executives of the Company, or to the Company's employees generally, as such plans and programs may be in effect from time to time, including, without limitation, pension, profit sharing, savings, estate preservation and other retirement plans or programs, 401(k), medical, dental, life insurance, short-term and long-term disability insurance plans, accidental death and dismemberment protection, travel accident protection, and all other plans that the Company may have or establish from time to time and in which you would be entitled to participate under the terms of the applicable plan for similarly situated executives. This provision is not intended, nor shall it have the effect of, reducing any benefit to which you were entitled as of the effective date of this Agreement. However, this provision shall not be construed to require the Company to establish any welfare, compensation or long-term incentive plans, or to prevent the modification or termination of any plan once established, and no action or inaction with respect to any plan shall affect this Agreement. You shall be entitled to be reimbursed by the Company for tax and financial planning up to a maximum net amount of \$15,000 per year. In addition, the Company shall pay the cost of an annual "senior executive" physical examination.

5. Business Expenses. During your employment hereunder, upon delivery of proper documentation in accordance with the Company's expense reimbursement policy, the Company shall reimburse you for reasonable travel and other expenses incurred in the performance of your duties as are customarily reimbursed to similarly situated executives of the Company.

6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company or its affiliates and for which you may qualify that are provided to any other similarly situated executives. Amounts that are vested benefits or that you are otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or its affiliates at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

7. Non-Competition, Confidential Information, Etc.

(a) Non-Competition. You agree that your employment with the Company is on an exclusive basis and that, while you are employed by the Company, you will not engage in any other business activity that would otherwise conflict with your duties and obligations (including your commitment of substantially all business time) under this Agreement. You agree that, during the Non-Compete Period (as defined below), you shall not directly or indirectly engage in or participate as an owner, partner, stockholder, officer, employee, director, agent of or consultant for any business competitive with any business of the Company, or for any customer of the Company, without the prior written consent of the Company; provided, however, that this provision shall not prevent you from investing as a less-than-one-percent (1%) stockholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system. The Non-Compete Period shall cover the entire Term, unless earlier terminated as set forth in Sections 8(b) or (c) as well as twelve (12) months after your employment with the Company terminates for any reason, or on such earlier date as you may make the election under paragraph 7(i) (which relates to your ability to terminate your obligations under this paragraph 7(a) in exchange for waiving your right to certain compensation and benefits).

(b) Confidential Information. You agree that, during the Term or at any time thereafter: (i) you shall not use for any purpose other than the duly authorized business of the Company, or disclose to any third party, any information relating to the Company or any of its affiliated companies which is proprietary to the Company or any of its affiliated companies ("Confidential Information"), including any trade

secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of your duties under this Agreement consistent with the Company's policies); and (ii) you will comply with any and all confidentiality obligations of the Company to a third party, whether arising under a written agreement or otherwise. Information shall not be deemed Confidential Information which: (x) is or becomes generally available to the public other than as a result of a disclosure by you or at your direction or by any other person who directly or indirectly receives such information from you, or (y) is or becomes available to you on a non-confidential basis from a source which is entitled to disclose it to you.

(c) No Solicitation or Interference. You agree that, during the Term and for one (1) year thereafter, no matter how the Term ends, you shall not, directly or indirectly: (i) employ or solicit the employment of any person who is then or has been within six (6) months prior thereto, an employee, independent contractor or consultant of the Company or any of its affiliated companies; or (ii) interfere with, disturb or interrupt the relationships (whether or not such relationships have been reduced to formal contracts) of the Company or any of its affiliated companies with any talent, production companies, vendors, advertisers (including, without limitation their agencies or representatives), sponsors, distributors, customers, suppliers, agents, consultants or independent contractors.

(d) Ownership of Works. The results and proceeds of your services under this Agreement, including, without limitation, any works of authorship resulting from your services to the Company or any of its affiliates during your employment with the Company and/or any of its affiliated companies and any works in progress resulting from such services, shall be works-made-for-hire and the Company shall be deemed the sole owner throughout the universe of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner the Company determines in its sole discretion without any further payment to you. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to the Company under the preceding sentence, then you hereby irrevocably assign and agree to assign any and all of your right, title and interest thereto, including, without limitation, any and all copyrights, patents, trade secrets, trademarks and/or other rights of every nature in the work, whether now known or hereafter defined or discovered, and the Company shall have the right to use the work in perpetuity throughout the universe in any manner the Company determines in its sole discretion without any further payment to you. You shall, as may be requested by the Company from time to time, do any and all things which the Company may deem useful or desirable to establish or document the Company's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if you are unavailable or unwilling to execute such documents, you hereby irrevocably designate your Reporting Senior or his designee

as your attorney-in-fact with the power to execute such documents on your behalf. To the extent you have any rights in the results and proceeds of your services under this Agreement that cannot be assigned as described above, you unconditionally and irrevocably waive the enforcement of such rights. This paragraph 7(d) is subject to, and does not limit, restrict, or constitute a waiver by the Company or any of its affiliated companies of any ownership rights to which the Company or any of its affiliated companies may be entitled by operation of law by virtue of being your employer.

(e) Litigation.

- (i) You agree that, during the Term, for one (1) year thereafter and, if longer, during the pendency of any litigation or other proceeding, and except as may be required by law or legal process: (x) you shall not communicate with anyone (other than your own attorneys and tax advisors), except to the extent necessary in the performance of your duties under this Agreement, with respect to the facts or subject matter of any pending or potential litigation of which you have knowledge, or regulatory or administrative proceeding involving the Company or any of its affiliated companies, other than any litigation or other proceeding in which you are a party-in-opposition, without giving prior notice to the Company's Chief Legal Officer; and (y) in the event that any other party attempts to obtain information or documents from you with respect to such matter, either through formal legal process such as a subpoena or by informal means such as interviews, if you are legally permitted to do so, you shall promptly notify the Company's Chief Legal Officer before providing any information or documents.
- (ii) You agree to cooperate with the Company and its attorneys, both during employment and during the five (5) year period following termination of your employment, in connection with any litigation or other proceeding arising out of or relating to matters in which you were involved prior to the termination of your employment. Your cooperation shall include, without limitation, providing assistance to the Company's counsel, experts or consultants, and providing truthful testimony in pretrial and trial or hearing proceedings. In the event that your cooperation is requested after the termination of your employment, the Company will: (x) seek to minimize interruptions to your schedule to the extent consistent with its interests in the matter; and (y) reimburse you for all reasonable and appropriate out-of-pocket expenses actually incurred by you in connection with such cooperation upon reasonable substantiation of such expenses.

- (iii) Except as required by law or legal process, or as requested by the Company's Chief Legal Officer, you agree that you will not testify in any lawsuit or other proceeding which directly or indirectly involves the Company or any of its affiliated companies that was not filed by you, or which may create the impression that such testimony is endorsed or approved by the Company or any of its affiliated companies. In all events, if legally permitted to do so, you shall give advance notice to the Company's Chief Legal Officer that you will be testifying promptly after you become aware that you may be required to provide it. The Company expressly reserves its attorney-client and other privileges except if expressly waived in writing.
- (f) Return of Property. All documents, data, recordings, or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for you and utilized by you in the course of your employment with the Company or any of its affiliated companies shall remain the exclusive property of the Company. In the event of the termination of your employment for any reason, the Company reserves the right, to the extent permitted by law and in addition to any other remedy either may have, to deduct from any monies otherwise payable to you the following: (i) all amounts you may directly owe to the Company or any of its affiliated companies at the time of or subsequent to the termination of your employment with the Company; and (ii) the reasonable value of the Company property which you retain in your possession after the termination of your employment with the Company. In the event that the law of any state or other jurisdiction requires the consent of an employee for such deductions, this Agreement shall serve as such consent.
- (g) Non-Disparagement. During the duration of your employment and for one (1) year following the termination thereof for any reason, you shall not make, nor cause any one else to make or cause on your behalf, any public disparaging or derogatory statements or comments regarding the Company or its affiliated companies, or its officers or directors; likewise, the Company's officers will not make, nor cause any one else to make, any public disparaging or derogatory statements or comments regarding you.
- (h) Injunctive Relief. The Company has entered into this Agreement in order to obtain the benefit of your unique skills, talent, and experience. You and the Company acknowledge and agree that your violation of one or all of paragraphs 7(a) through (h) of this Agreement will result in irreparable damage to the Company and/or its affiliated companies and, accordingly, the Company may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraphs, in addition to any other remedies available to the Company.
- (i) Survival; Modification of Terms. The obligations set forth under paragraphs 7(a) through (i) shall remain in full force and effect for the entire period provided therein notwithstanding the termination of your employment under this Agreement for any reason or the expiration of the Term; provided, however, that your

obligations under paragraph 7(a) (but not under any other provision of this Agreement) shall cease if you terminate your employment for Good Reason or the Company terminates your employment without Cause and you notify the Company in writing, prior to the Company's payment of any severance benefits pursuant to paragraphs 8(e)(iii) through (ix) and payable pursuant to terms of the Company's Executive Severance Plan, you waive your right to receive termination payments and benefits in accordance with paragraph 8(e)(iii) through (ix) payable pursuant to the terms of the Company's Executive Severance Plan. You and the Company agree that the restrictions and remedies contained in paragraphs 7(a) through (h) are reasonable and that it is your intention and the intention of the Company that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If a court of competent jurisdiction shall find that any such restriction or remedy is unenforceable but would be enforceable if some part were deleted or the period or area of application reduced, then such restriction or remedy shall apply with the modification necessary to make it enforceable. For avoidance of doubt, you will not be required to waive your rights to receive the payment under paragraphs 8(e)(i) and (ii) if you wish to be released from paragraph 7(a).

8. Termination.

(a) Termination for Cause. The Company may, at its option, terminate your employment under this Agreement for Cause and thereafter shall have no obligations under this Agreement, including, without limitation, any obligation to pay Annual Salary or Annual Incentive or provide benefits, excluding any and all earned and/or vested compensation and/or benefits. "Cause" shall mean exclusively: (i) embezzlement, fraud or other conduct that would constitute a felony (other than traffic-related citations); (ii) willful unauthorized disclosure of Confidential Information; (iii) your material breach of this Agreement; (iv) your gross misconduct or gross neglect in the performance of your duties hereunder; (v) your willful failure to cooperate with a bona fide internal investigation or investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other material reasonably known to be relevant to such an investigation, or the willful inducement of others to fail to cooperate or to destroy or fail to produce documents or other material; or (vi) your willful and material violation of the Company's written conduct policies, including but not limited to the Company's Employment Handbook and Ethics Code. The Company will give you written notice prior to terminating your employment pursuant to (iii), (iv), (v), or (vi), of this paragraph 8(a), setting forth the nature of any alleged failure, breach or refusal in reasonable detail and the conduct required to cure. Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured, you shall have twenty (20) business days from the giving of such notice within which to cure any failure, breach or refusal under (iii), (iv), (v), or (vi) of this paragraph 8(a); provided, however, that, if the Company reasonably expects irreparable injury from a delay of twenty (20) business days, the Company may give you notice of such shorter period within which to cure as is reasonable under the circumstances.

(b) Good Reason Termination. You may terminate your employment under this Agreement for Good Reason at any time during the Term by written notice to the Company. For purposes of this Agreement and determining your entitlement to benefits under the Company's Executive Severance Plan, "Good Reason" shall mean without your consent (other than in connection with the termination or suspension of your employment or duties for Cause or in connection with your Permanent Disability) exclusively: (i) a material reduction in your authority, duties, and responsibilities (viewed in the aggregate); (ii) a reduction in your Annual Salary or target Annual Incentive; (iii) a material reduction in the budget over which you retain authority (except for good faith budget adjustments necessitated by the legitimate business needs of the Company or those that occur as a result of permitted changes to your authority, duties, and responsibilities hereunder); or (iv) a material change in geographic location at which you must perform services under this Agreement from the Company's offices at which you were principally employed. A termination of your employment shall not be deemed to be for Good Reason unless: (1) you provide notice to the Company of the existence of the event or condition constituting the basis for your Good Reason termination within thirty (30) days after such event or condition initially occurs or exists; (2) the Company fails to cure such event or condition within thirty (30) days after receiving such notice; and (3) your termination of employment occurs not later than ninety (90) days after such event or condition initially occurs or exists.

(c) Termination Without Cause or for Disability. The Company may terminate your employment under this Agreement without Cause or for "Disability" (defined by reference to the employee long-term disability plan of the Company or a subsidiary that covers you) at any time during the Term by written notice to you in accordance with the Company's Executive Severance Plan at least thirty (30) days prior to the date of such termination.

(d) Termination as a Result of Death. Your employment with the Company shall terminate in the event of your death.

(e) Termination Payments/Benefits. Subject to paragraph 7 and, as applicable, paragraph 9, and pursuant to the terms, and subject to the conditions, of the Company's Executive Severance Plan, but in no event less than the benefits as provided in this Agreement, in the event that your employment terminates under paragraph 8(b), (c) or (d), you (or your estate or legal representative, if applicable) shall thereafter receive the following benefits (in each case less applicable deductions and withholding taxes); provided, however, that in no event shall you receive the following benefits if your employment terminates on your own initiative for any reason other than Good Reason:

- (i) Accrued Benefits: The portion of your Annual Salary earned, but not yet paid, through your Date of Termination; any Annual Incentive earned, but not yet paid, for a completed fiscal year preceding the Date of Termination; and any accrued paid vacation, sick leave, sabbatical, holiday and other paid-time off, to the extent not yet paid (collectively, the "Accrued Benefits"). The Accrued Benefits shall be paid in a single lump sum within 30 calendar days after your Date of Termination, or as otherwise may be provided in a valid deferral election made pursuant to the terms of the Company's deferred compensation plan.
- (ii) Pro-Rated Annual Incentive. A Pro-Rated Annual Incentive, which shall be paid in a single lump sum at the same time that payments are made to other participants in the annual incentive plan for that fiscal year (pursuant to the terms of the applicable plan but in no event later than March 15 of the fiscal year immediately following the fiscal year during which your Date of Termination occurs), or as otherwise may be provided in a valid deferral election made pursuant to the terms of the Company's deferred compensation plan, and shall be in lieu of any annual incentive that you would have otherwise been entitled to receive under the terms of the annual incentive plan covering you for the fiscal year during which your Date of Termination occurs.
- (iii) Severance Payment. As additional severance (and not in lieu of any annual incentive for the fiscal year in which your Date of Termination occurs), a severance payment equal to 2.5 times the sum of your Base Salary and Target Annual Incentive. The severance shall be paid in a single lump sum within 20 calendar days after the Release Deadline.
- (iv) Health Care Coverage. As long as you pay (or your estate or legal representative pays) the required full monthly premiums for coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Company shall provide you and, as applicable, your eligible dependents with continued medical, vision and dental coverage, on the same basis as provided to Company's active executives and their dependents for 2.5 years (or, if earlier, until you first become eligible for Medicare or for any such coverage under a plan maintained by another employer or your spouse's employer) (the "Benefit Continuation Period"). If you are early retiree-eligible at the time of your termination (age 55 or greater with at least 10 years of service), you will have the option to elect coverage under the Early Retiree Medical Plan in lieu of COBRA coverage. In addition, within 20 calendar days after the Release Deadline, the Company shall pay to you a lump sum cash payment equal to 18 times the monthly medical, vision and dental premiums under COBRA (regardless of whether you elect to participate in the Early Retiree Medical Plan) based on the level of coverage in effect for you (e.g., employee only or family coverage) on the Date of

Termination; provided, however, that to the extent necessary to avoid a violation of Section 409A, any cash payment attributable to medical, vision and dental insurance COBRA premiums for periods more than 18 months after your Date of Termination shall be paid in monthly installments at the same time that such premiums are due and payable.

- (v) Life Insurance. The Company shall take all steps reasonably necessary to continue the life insurance coverage applicable to you on your Date of Termination (and if the policy cannot be continued in its then-current form, the Company shall exercise any required conversion features to continue the policy), at no cost to you, for 2.5 years following your Date of Termination. The amount of such coverage will be reduced by the amount of life insurance coverage furnished to you at no cost by a third party employer.
- (vi) Financial Planning. A net amount of \$15,000, which is intended to cover the approximate cost of financial planning services for you for a period of one year after your Date of Termination. This financial planning stipend shall be paid in a single lump sum within 20 calendar days after the Release Deadline.
- (vii) Outplacement. The Company shall, at its sole expense as incurred, provide you with outplacement services from a recognized outplacement service provider for 12 months, the scope of such services to be determined in the sole discretion of the Company.
- (viii) Pension Enhancement. If, as of your date of termination, you have not yet attained both age 55 and at least 10 "years of service" as defined in the Executive Supplemental Retirement Plan (the "SERP"), then, regardless of any provision in the SERP or the Executive Severance Plan to the contrary, you shall receive a "Pension Enhancement", payable in a lump sum within 20 calendar days after the Release Deadline, that is intended to provide you with all retirement benefits that would have been available to you if your employment had terminated after you attained both age 55 and 10 years of service. The "Pension Enhancement" will be calculated as follows: the excess, if any, of (1) the actuarial equivalent of the benefit under the Scripps Networks Interactive Pension Plan or its successor (the "Pension Plan") and the Scripps Networks Interactive, Inc. Supplemental Executive Retirement Plan or its successor (the "SERP") (utilizing actuarial assumptions and factors no less favorable to you than the most favorable of those in effect under the Pension Plan for computing lump sum benefit payments at any time during the Term) that you would have received under the terms of those plans as in effect on January 1, 2012, or if more favorable to you, on your termination of employment, if your employment had continued for a number of years (or fractions thereof) in the period commencing on

the day immediately following your date of termination and ending on the date that you would have attained both age 55 with at least 10 “years of service” (within the meaning of the SERP as in effect on January 1, 2012), assuming for this purpose that: (x) your age and vesting service (but not your benefits service) is increased by the number of years that you are deemed to be so employed, and (y) the rate of base salary and bonus for each year that you are deemed to be so employed shall be determined by reference to your Annual Salary and Annual Incentive, over (2) the actuarial equivalent of your actual benefit, if any, under the Pension Plan and the SERP (utilizing actuarial assumptions and factors no less favorable to you than the most favorable of those in effect under the Pension Plan for computing lump sum benefit payments at any time during the Term) as of your date of termination.

- (ix) Equity Awards. Immediate vesting of the Performance-Based Restricted Share Units granted to you on the Grant Date pursuant to Section 3(c) that have not yet vested as of your date of termination, which shall be payable in accordance with the terms, and subject to the conditions, of the award agreement for such grant (and any such awards with respect to which the number of shares underlying the award depends upon performance shall vest at target unless the measurement period for such awards has ended on or prior to your termination date, in which case such awards shall vest based on actual results).

(f) Termination of Benefits. Notwithstanding anything in this Agreement to the contrary (except as otherwise provided in paragraph 8(e) with respect to medical and dental benefits, life insurance, financial planning and outplacement), participation in all the Company benefit plans and programs will terminate upon the termination of your employment except to the extent otherwise expressly provided in such plans or programs and subject to any vested rights you may have under the terms of such plans or programs.

(g) Resignation from Official Positions. If your employment with the Company terminates for any reason, you shall be deemed to have resigned at that time from any and all officer or director positions that you may have held with the Company or any of its affiliated companies and all board seats or other positions in other entities you held on behalf of the Company. If, for any reason, this paragraph 8(g) is deemed insufficient to effectuate such resignation, you agree to execute, upon the request of the Company, any documents or instruments which the Company may deem necessary or desirable to effectuate such resignation or resignations, and you hereby authorize the Secretary and any Assistant Secretary of the Company to execute any such documents or instruments as your attorney-in-fact.

(h) Termination Upon Expiration of Term. Notwithstanding anything contained herein or in the Company's Executive Severance Plan to the contrary, in the event that your employment with the Company terminates for any reason or no reason on or after the expiration of the Term, you shall not be entitled to any severance benefits under this Agreement or the Company's Executive Severance Plan, other than the Accrued Benefits and you shall not be bound by any Non-Compete obligations.

9. Severance Contingent On Release. Any compensation and benefits to be provided under the Company's Executive Severance Plan and described in paragraph 8(e)(ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix) shall be provided only if you (or in the case of your death or Disability, your legal representative, if applicable) execute and do not later revoke or materially violate a release of claims the form of that certain Form of Release attached to the Company's Executive Severance Plan (with such changes as the Company may determine to be required or reasonably advisable in order to make the release enforceable and otherwise compliant with applicable law) (the "Release"). The Release must be executed by you and become effective and irrevocable in accordance with its terms no later than the fifty-second (52nd) day following termination of your employment (the "Release Deadline").

10. Change in Control Protections. You shall be included in and covered by the Company's Executive Change in Control Plan, which is incorporated herein by reference. Your Termination Pay Multiple, as defined in the Change in Control Plan, will be at least "2.5". In the event that such plan is terminated or you are excluded from the plan for any reason during the Term, the Company agrees to promptly amend this Agreement so that you are similarly covered and eligible for the same benefits and protection thereunder.

11. Company's Policies. You agree that, during your employment hereunder, you will comply in all material respects with all of the Company's written policies, including, but not limited to, the Company's Employee Handbook and Code of Ethics.

12. Indemnification; Liability Insurance. If you are made a party to, are threatened to be made a party to, receive any legal process in, or receive any discovery request or request for information in connection with, any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that you were an officer, director, employee, or agent of the Company or any of its affiliated companies, or were serving at the request of or on behalf of the Company or any of its affiliated companies, the Company shall indemnify and hold you harmless to the fullest extent permitted or authorized by the Company's Articles of Incorporation or Code of Regulations or, if greater, by the laws of the State of Tennessee, against all costs, expenses, liabilities and losses you incur in connection therewith. Such indemnification shall continue even if you have ceased to be an officer, director, employee or agent of the Company or any of its affiliated companies, and shall inure to the benefit of your

heirs, executors and administrators. The Company shall reimburse you for all costs and expenses you incur in connection with any Proceeding within twenty (20) business days after receipt by the Company of a written request for such reimbursement and appropriate documentation associated with such expenses. In addition, the Company agrees to maintain a director's and officer's liability insurance policy or policies covering you at a level and on terms and conditions no less favorable than the Company provides its directors and senior-level officers currently (subject to any future improvement in such terms and conditions), until such time as legal or regulatory action against you are no longer permitted by law.

13. Notices. All notices under this Agreement must be given in writing, by personal delivery facsimile or by mail, if to you, to the address shown on this Agreement (or any other address designated in writing by you), with a copy to any other person you designate in writing, and, if to the Company, to your Reporting Senior to the address shown on this Agreement (or any other address designated in writing by the Company), with a copy, to the attention of the Company's Chief Legal Officer. Any notice given by mail shall be deemed to have been given three (3) days following such mailing.

14. Assignment. This is an Agreement for the performance of personal services by you and may not be assigned by you, without the prior written consent of the Company, otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by your legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in the immediately following sentence, this Agreement shall not be assignable by the Company without your prior written consent. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. "Company" means the Company as defined in this Agreement and any successor to its business and/or assets as described above that assumes and agrees to perform this Agreement by operation of law or otherwise.

15. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

16. No Implied Contract. Nothing contained in this Agreement shall be construed to impose any obligation on the Company or you to renew this Agreement or any portion thereof. The parties intend to be bound only upon execution of a written agreement and no negotiation, exchange of draft or partial performance shall be deemed to imply an agreement. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of the Term.

17. Entire Understanding. Except where specifically stated otherwise herein, this Agreement contains the entire understanding of the parties hereto relating to the subject matter contained in this Agreement, and can be changed only by a writing signed by both parties. Capitalized terms used in this Agreement without definition shall have the meaning given to such terms in the Company's Executive Severance Plan.

18. Void Provisions. If any provision of this Agreement, as applied to either party or to any circumstances, shall be found by a court of competent jurisdiction to be unenforceable but would be enforceable if some part were deleted or the period or area of application were reduced, then such provision shall apply with the modification necessary to make it enforceable, and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

19. Deductions and Withholdings. All amounts payable under this Agreement shall be paid less deductions and income and payroll tax withholdings as may be required under applicable law.

20. Section 409A of the Code. It is the Company's intent that this Agreement be exempt from the application of, or otherwise comply with, the requirements of Section 409A of the Internal Revenue Code. In particular, any expense eligible for reimbursement must be incurred, or any entitlement to a benefit must be used, during the Term (or the applicable expense reimbursement or benefit continuation period provided in this Agreement). The amount of the reimbursable expense or benefit to which you are entitled during a calendar year will not affect the amount to be provided in any other calendar year, and your right to receive the reimbursement or benefit is not subject to liquidation or exchange for another benefit. Provided the requisite documentation is submitted, the Company will reimburse the eligible expenses on or before the last day of the calendar year following the calendar year in which the expense was incurred.

Burton Jablin
September 1, 2013
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If the foregoing correctly sets forth our understanding, please sign, date and return an original executed copy to me for our records.

Sincerely yours,

SCRIPPS NETWORKS INTERACTIVE, INC.

Kenneth W. Lowe
Chairman of the Board, President and Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Burton Jablin

Burton Jablin

Dated: as of 9/1/2013

SEPARATION AGREEMENT

This Separation Agreement (this "Agreement") is made and entered into as of September 4, 2013 (the "Effective Date"), by and between John F. Lansing ("Executive") and Scripps Networks Interactive, Inc. (the "Company"). The Company and Executive are sometimes collectively referred to herein as the Parties and individually as a Party.

WHEREAS, Executive has decided to voluntarily retire from the Company and its affiliates; and

WHEREAS, Executive and the Company have determined to provide for Executive's separation from the Company and its affiliates on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. Separation. Effective as of October 1, 2013 (the "Separation Date"), Executive's employment and status as an officer with the Company and its affiliates (including, without limitation, as President, Scripps Networks) will terminate and Executive will cease to be an employee and officer of any and all of the foregoing. In addition, effective as of as the Separation Date, Executive hereby resigns from any and all directorships Executive may hold with the Company's affiliates. Executive hereby agrees to execute any and all documentation to effectuate such resignations upon request by the Company, but he shall be treated for all purposes as having so resigned on the Separation Date, regardless of when or whether he executes any such documentation. As used in this Agreement, the term "affiliate" shall mean any entity controlled by, controlling, or under common control with, the Company.

2. Accrued Benefits. The Company shall pay or provide to Executive the following payments and benefits:

(a) Salary and Vacation Pay. Within 15 calendar days after the Separation Date, or such earlier date required by law, the Company shall issue to Executive his final paycheck, reflecting (i) his earned but unpaid base salary through the Separation Date, and (ii) his accrued but unused vacation pay through the Separation Date.

(b) Expense Reimbursements. The Company, within 30 calendar days after the Separation Date, shall reimburse Executive for any and all reasonable business expenses incurred by Executive in connection with the performance of his duties prior to the Separation Date, which expenses shall be submitted by Executive to the Company with supporting receipts and/or documentation no later than 15 calendar days after the Separation Date.

(c) Other Benefits. To the extent not theretofore paid or provided, the Company shall pay or provide, or cause to be paid or provided, to Executive any other amounts or benefits required to be paid or provided or which Executive is eligible to receive under the Company's Pension Plan, Supplemental Executive Retirement Plan, 401K Savings Plan, and Executive Deferred Compensation Plan, in each case in accordance with the terms and normal

procedures of each such plan and based on accrued and vested benefits through the Separation Date. Additionally, Executive shall be entitled to participate in the Company's Retiree Health Plan pursuant to its terms, as amended from time-to-time, and shall retain his rights under COBRA.

3. Separation Benefits. In consideration of, and subject to and conditioned upon Executive's execution and non-revocation of the general release attached as Exhibit A to this Agreement (the "Release") and as provided in Section 4 of this Agreement, and provided that Executive has fully complied with his obligations under the Release and those set forth in Sections 1, 5, 6, 7 and 8 of this Agreement, the Company shall pay or provide to Executive the following payments and benefits, which Executive acknowledges and agrees constitute adequate and valuable consideration, in and of themselves, for the promises contained in this Agreement:

(a) Employment Agreement. The Company shall pay or provide to Executive the payments and benefits contemplated by Section 10(d) of the employment agreement between Executive and the Company dated March 29, 2010, as amended on December 21, 2012 (the "Employment Agreement") to which Executive would have been entitled upon an "orderly retirement" (as set forth on Exhibit B hereto and incorporated herein by reference) in each case upon the terms, and subject to the conditions, of the Employment Agreement and the Scripps Networks Interactive, Inc. Executive Severance Plan, and as the same shall have been modified on Exhibit B.

(b) Equity Awards. The outstanding and unvested equity awards under the applicable Company equity plans held by Executive as of the Separation Date that (i) are time-vested restricted share units shall immediately vest (in full and without pro-ration) as of the Separation Date, which vested units shall be paid within 20 calendar days after April 1, 2014; (ii) are performance-based restricted share units shall vest (in full and without pro-ration) as if Executive had remained employed for the entire applicable performance period (and any additional period of time necessary to be eligible to receive payout for that performance period), based on the extent to which the Company achieves the applicable performance goals for the entire performance period and without regard to any discretionary adjustments that have the effect of reducing the amount of the payout (other than discretionary adjustments applicable to all senior executives who did not terminate employment), which if earned based on actual performance results shall be payable after the end of the applicable performance period upon the terms, and subject to the conditions, of the applicable award agreement, and (iii) are stock options shall immediately vest (in full and without pro-ration) on the Separation Date. All vested stock options (including those that vest pursuant to the operation of the immediately preceding sentence) shall remain exercisable for the remainder of the stated eight-year term. The Parties acknowledge that, subject to any terms and conditions imposed by the Company, the minimum required tax withholding obligation related to the payout of each of the equity awards described in this Section 3(b) shall be satisfied via a net share withholding method authorized by the applicable equity plan.

(c) Consulting Agreement. The Company and Executive shall enter into a Consulting Services Agreement in the form attached as Exhibit C (the "Consulting Services Agreement").

4. Release of Claims. Executive agrees that, as a condition to Executive's right to receive the payments and benefits set forth in Section 3, within 21 calendar days following the Separation Date (the "Release Period"), Executive shall execute and deliver the Release to the Company. If Executive fails to execute and deliver the Release to the Company during the Release Period, or if the Release is revoked by Executive or otherwise does not become effective and irrevocable in accordance with its terms, then Executive will not be entitled to any payment or benefit under Section 3 of this Agreement.

5. Employment Agreement. Executive acknowledges and agrees that he remains obligated to comply with the provisions of Sections 9 (Non-Competition, Confidential Information, Etc.) of the Employment Agreement, which provisions shall continue to apply, in accordance with their terms, on and after the Effective Date, notwithstanding any subsequent termination of Executive's employment; *provided, however*, that notwithstanding the provisions of Section 9 of the Employment Agreement to the contrary (a) the Non-Compete Period, as defined therein, shall terminate on December 31, 2015; (b) for the portion of the Non-Compete Period commencing July 1, 2014 and ending December 31, 2015, the provisions of Section 9(a) (Non-Competition) shall be limited to prohibiting Executive from, directly or indirectly, engaging in or participating as an owner, partner, stockholder, officer, employee, director, agent of or consultant for any business competitive with the Company in non-fiction lifestyle content for the food, home and/or travel categories, including, but not limited to, long form and short form video, photographs and print, provided however, that this limitation shall not apply to Executive's employment or consulting with an entity whose non-fiction lifestyle content in the food, home and/or travel categories makes up 5% or less of its content, so long as Executive gives prior notice as set forth herein and does not provide services related to content in the food, home and/or travel categories; and (c) the provisions of Section 9(b) (Confidential Information) of the Employment Agreement shall continue to apply to "Confidential Information", as that term is defined in the Employment Agreement, provided to, conceived, developed, contributed to, or made by Executive in connection with performing his duties under the Consulting Services Agreement during the Consulting Period. It is understood and agreed that the Non-Competition restriction in Section 9(a) of the Employment Agreement, as modified herein, shall not apply to (i) the project currently known as "The Refinery", which Executive has previously disclosed to the Company, so long as any services provided by Executive to The Refinery do not relate to program development, production, distribution, exhibition, promotion, or other exploitation of content in the food, home and/or travel categories with competitors of the Company; ii) any entity in which the Company has an ownership interest; (iii) any entity in which the Company, after the Effective Date, acquires a majority ownership interest; and (iv) Executive's investing as a less-than-one percent (1%) stockholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system. Executive acknowledges that he hereby waives his right under Section 9(i) of the Employment Agreement to forego the benefits described in Section 3 above in exchange for a release of his obligations under Section 9 of the Employment Agreement. The Company shall indemnify and hold Executive harmless, and provide Executive coverage under a director's and officer's liability insurance policy, as provided in Section 14 of the Employment Agreement. Executive acknowledges that the payments and arrangements contained in this Agreement and the Consulting Services Agreement shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive as a result of his employment with the Company and the termination thereof. If Company believes that Executive is in violation of this Section 5, it shall provide him written

notice of the alleged violation and give him 14 days to cure the alleged violation before it takes any further action to address the issue. If the Executive cures the alleged violation, as determined in the sole discretion of the Company, no further action shall be taken by the Company. If Executive fails to provide the notice required in this paragraph, the Company is not obligated to provide any right to cure.

6. Payment of Non-Business Expenses. Executive agrees to pay for any and all non-business charges on the Company's charge card or otherwise for which he is personally responsible, within 30 calendar days after the Separation Date.

7. Return of Property. In connection with Executive's role as a consultant following the Separation Date, during the "Consulting Period" (as defined in the Consulting Services Agreement), Executive may keep in his possession items of Company property that are identified by the Company as appropriate for such role, including without limitation, keys, credit cards, telephone calling cards, computer hardware and software, cellular and portable telephone equipment, manuals, books, notebooks, financial statements, reports and other documents.

8. False Claims Representations. Executive acknowledges that he has disclosed to the Company in writing any information he has concerning any conduct involving the Company and its affiliates that he has any reason to believe may be unlawful, unethical or otherwise inappropriate, including conduct in violation of the Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act. Executive certifies that to the best of his knowledge, information and belief, no member of management or any other employee (including himself) who has a significant role in the Company's internal control over financial reporting has committed any fraud or engaged in any act, practice, or course of conduct that operates or would operate as a fraud or deceit upon any person or entity.

9. Miscellaneous.

(a) Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with Section 409A of the Code (" Section 409A") or are exempt therefrom and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company (with specificity as to the reason therefor) that Executive believes that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the Company shall, after consulting with Executive, reform such provision in a manner that is economically neutral to the Company to attempt to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. The Parties hereby acknowledge and agree that (i) the payments and benefits due to Executive under Section 3 above are payable or provided on account of Executive's "separation from service" within the meaning of Section 409A, (ii) the payments and benefits under this Agreement are intended to be treated as separate payments for purposes of Section 409A, and (iii) Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code. Notwithstanding any provision of this Agreement to the contrary, any payment under this Agreement that is considered nonqualified deferred compensation subject to Section 409A shall be paid no earlier than (1) the date that is six months after the date of the Executive's separation from service for any reason other than death, or (2) the date of the Executive's death. In no event may the Executive, directly or indirectly, designate the calendar year of any payment under this Agreement.

(b) Withholding. The Company or its affiliates, as applicable, may withhold from any amounts payable or benefits provided under this Agreement such Federal, state, local, foreign or other taxes as shall be required to be withheld pursuant to any applicable law or regulation. Notwithstanding the foregoing, Executive shall be solely responsible and liable for the satisfaction of all taxes, interest and penalties that may be imposed on Executive in connection with this Agreement (including any taxes, interest and penalties under Section 409A of the Code), and neither the Company nor its affiliates shall have any obligation to indemnify or otherwise hold Executive harmless from any or all of such taxes, interest or penalties.

(c) Severability. In construing this Agreement, if any portion of this Agreement shall be found to be invalid or unenforceable, the remaining terms and provisions of this Agreement shall be given effect to the maximum extent permitted without considering the void, invalid or unenforceable provision.

(d) Successors. This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's surviving spouse, heirs, and legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its affiliates, and their respective successors and assigns. Except as provided in the next sentence, the Company may not assign this Agreement or delegate any of its obligations hereunder without the prior written consent of Executive. The Company, however, shall cause any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all or a substantial portion of its business and/or assets to assume this Agreement expressly in writing and to expressly agree to perform this Agreement immediately upon such succession in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(e) Final and Entire Agreement; Amendment. Except with respect to the provisions of the Employment Agreement expressly referenced herein, this Agreement (including Exhibit B), together with the Release and the Consulting Services Agreement, represents the final and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and discussions between the Parties hereto and/or their respective counsel with respect to the subject matter hereof. Executive has not relied upon any representations, promises or agreements of any kind except those set forth herein in signing this Agreement. Without limiting the generality of the foregoing, Executive expressly acknowledges and agrees that except as specifically set forth in this Agreement, he is not entitled to receive any severance pay, severance benefits, compensation or employee benefits of any kind whatsoever from the Company and its affiliates. Any amendment to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and stating the intent of the Parties to amend this Agreement.

(f) Governing Law; Jurisdiction. This Agreement and the Release shall be governed by and construed exclusively in accordance with the laws of the State of Tennessee. The Parties agree that any conflict of law rule that might require reference to the laws of some jurisdiction other than Tennessee shall be disregarded. Each Party hereby agrees for itself and its properties that the courts sitting in Knox County shall have sole and exclusive jurisdiction and venue over any matter arising out of or relating to this Agreement, or from the relationship of the parties, or from Executive's employment with the Company, or from the termination of Executive's employment with the Company, whether arising from contract, tort, statute, or otherwise, and hereby submits itself and its property to the venue and jurisdiction of such courts.

(g) Representation By Counsel. Each of the Parties acknowledges that it or he has had the opportunity to consult with legal counsel of his or its choice prior to the execution of this Agreement. Without limiting the generality of the foregoing, Executive acknowledges that he has had the opportunity to consult with his own independent legal counsel to review this Agreement for purposes of compliance with the requirements of Section 409A or an exemption therefrom, and that he is relying solely on the advice of his independent legal counsel for such purposes. Moreover, the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(h) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other Party or by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier, addressed as follows:

If to Executive: at Executive's most recent address on the records of the Company;

If to the Company: Scripps Networks Interactive, Inc., 9721 Sherrill Boulevard, Knoxville, Tennessee 37932, Attn: Chief Legal Officer;

or to such other address as either Party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective on the date of delivery if delivered by hand, on the first business day following the date of dispatch if delivered utilizing overnight courier, or three business days after having been mailed, if sent by registered or certified mail.

(i) Counterparts. This Agreement may be executed in one or more counterparts (including by means of facsimile or other electronic transmission), each of which shall be deemed an original, but all of which taken together shall constitute one original instrument.

(j) Attorney's Fees. In the event of any breach of this Agreement, the prevailing party (as determined by the Court) shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief that such party may be entitled, which reimbursement shall be made promptly (and within 30 calendar days) following a final, non-appealable judgment by a court of competent jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have each executed this Agreement as of the date first above written.

SCRIPPS NETWORKS INTERACTIVE, INC.

By: /s/ Kenneth W. Lowe

Its: Chairman, President and Chief Executive Officer

EXECUTIVE

/s/ John F. Lansing

John F. Lansing

EXHIBIT A
GENERAL RELEASE

This General Release (this "Release") is entered into by and between John F. Lansing (the "Executive") and Scripps Networks Interactive, Inc. (the "Company") as of the 3rd day of October, 2013.

1. Employment Status. Executive's employment with the Company and its affiliates terminated effective as of October 1, 2013.

2. Payments and Benefits. Upon the effectiveness of the terms set forth herein, the Company shall provide Executive with the benefits set forth in Section 3 of the Separation Agreement between Executive and the Company dated as of September 4, 2013 (the "Separation Agreement"), upon the terms, and subject to the conditions, of the Separation Agreement. Executive agrees that he is not entitled to receive any additional payments as wages, vacation or bonuses except as otherwise provided under Sections 2 and 3 of the Separation Agreement and the Consulting Services Agreement attached as Exhibit C to the Separation Agreement (the "Consulting Services Agreement").

3. No Liability. This Release does not constitute an admission by the Company or its affiliates or their respective officers, directors, partners, agents, or employees, or by Executive, of any unlawful acts or of any violation of federal, state or local laws.

4. Claims Released by Executive. In consideration of the payments and benefits set forth in Section 3 of the Separation Agreement, Executive, on behalf of himself and his successors, assigns, heirs, executors, and administrators, hereby releases and forever discharges the Company and its parents, affiliates, associated entities, representatives, successors and assigns, and their officers, directors, shareholders, agents and employees ("Releasees") from all liability, claims and demands, actions and causes of action, damages, costs, payments and expenses of every kind, nature or description arising out of his employment relationship with the Company or the ending of his employment. These claims, demands, actions or causes of action include, but are not limited to, actions sounding in contract, tort, discrimination of any kind, and causes of action or claims arising under federal, state, or local laws, including, but not limited to, claims under federal, state or local laws, including claims for attorneys' fees. Executive further agrees that Executive will neither seek nor accept any further benefit or consideration from any source whatsoever in respect to any claims which Executive has asserted or could have asserted against the Company. Executive represents to his knowledge neither Executive nor any person or entity acting on Executive's behalf or with Executive's authority has asserted with any federal, state, or local judicial or administrative body any claim of any kind based on or arising out of any aspect of Executive's employment with the Company or the ending of that employment.

Without limiting the foregoing paragraph, Executive represents that he understands that this Release specifically releases and waives any claims of age discrimination, known or unknown, that Executive may have against the Releasees as of the date he signs this Release. This Release specifically includes a waiver of rights and claims under the Age Discrimination in Employment Act of 1967, as amended, and the Older Workers Benefit Protection Act. Executive acknowledges that as of the date he signs this Release, he may have certain rights or claims under the Age Discrimination in Employment Act, 29 U.S.C. §626 and he voluntarily relinquishes any such rights or claims by signing this Release.

Notwithstanding the foregoing provisions of this Section 4, nothing herein shall release the Company from (i) any obligation under the Separation Agreement, including without limitation Sections 2 and 3 of the Separation Agreement; (ii) any obligation under the Consulting Services Agreement; and (iii) any rights or claims that relate to events or circumstances that occur after the date that Executive executes this Release. In addition, nothing in this Release is intended to interfere with Executive's right to file a charge with the Equal Employment Opportunity Commission or any state or local human rights commission in connection with any claim Executive believes he may have against the Releasees. However, by executing this Release, Executive hereby waives the right to recover any remuneration, damages, compensation or relief of any type whatsoever from the Company in any proceeding that Executive may bring before the Equal Employment Opportunity Commission or any similar state commission or in any proceeding brought by the Equal Employment Opportunity Commission or any similar state commission on Executive's behalf.

5. Bar. Executive acknowledges and agrees that if he should hereafter make any claim or demand or commence or threaten to commence any action, claim or proceeding against the Releasees with respect to any cause, matter or thing which is the subject of the release under Section 4 of this Release, this Release may be raised as a complete bar to any such action, claim or proceeding, and the applicable Releasee may recover from Executive all costs incurred in connection with such action, claim or proceeding, including attorneys' fees, along with the benefits set forth in Section 3 of the Separation Agreement.

6. FMLA and FLSA Rights Honored. Executive acknowledges that he has received all of the leave from work for family and/or personal medical reasons and/or other benefits to which he believes he is entitled under the Company's policy and the Family and Medical Leave Act of 1993, as amended. Executive further acknowledges that he has received all of the monetary compensation, including hourly wages, salary and/or overtime compensation, to which he believes he is entitled under the Fair Labor Standards Act, as amended.

7. Acknowledgment. Executive has read this Release, understands it, and voluntarily accepts its terms, and Executive acknowledges that he has been advised by the Company to seek the advice of legal counsel before entering into this Release. Executive acknowledges that he was given a period of 21 calendar days within which to consider and execute this Release, and to the extent that he executes this Release before the expiration of the 21 day period, he does so knowingly and voluntarily and only after consulting his attorney. Executive acknowledges and agrees that the promises made by the Company hereunder represent substantial value over and above that to which Executive would otherwise be entitled.

8. Revocation. Executive has a period of 7 calendar days following the execution of this Release during which Executive may revoke this Release by delivering written notice to the Company pursuant to Section 9(h) of the Separation Agreement, and this Release shall not become effective or enforceable until such revocation period has expired. Executive understands that if he revokes this Agreement, it will be null and void in its entirety, and he will not be entitled to any payments or benefits provided in this Release, including without limitation under Section 3 of the Separation Agreement.

9. Miscellaneous. This Release, together with the Separation Agreement and the Consulting Services Agreement, represents the final and entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and discussions between the parties hereto and/or their respective counsel with respect to the subject matter hereof. Executive has not relied upon any representations, promises or agreements of any kind except those set forth herein in signing this Release. In the event that any provision of this Release should be held to be invalid or unenforceable, each and all of the other provisions of this Release shall remain in full force and effect. If any provision of this Release is found to be invalid or unenforceable, such provision shall be modified as necessary to permit this Release to be upheld and enforced to the maximum extent permitted by law. Executive agrees to execute such other documents and take such further actions as reasonably may be required by the Company to carry out the provisions of this Release.

10. Counterparts. This Release may be executed by the parties hereto in counterparts (including by means of facsimile or other electronic transmission), each of which shall be deemed an original, but all of which taken together shall constitute one original instrument.

IN WITNESS WHEREOF, the parties have executed this Release on the date first set forth above.

SCRIPPS NETWORKS INTERACTIVE, INC.

By: /s/ Kenneth W. Lowe

Its: Chairman, President and Chief Executive Officer

EXECUTIVE

[SIGN AFTER SEPARATION DATE]

/s/ John F. Lansing

John F. Lansing

EXHIBIT B
SEPARATION PAYMENTS AND BENEFITS

<u>§10(d)</u>	<u>Description of Payment/Benefit</u>	<u>Payment Terms</u>
(i), (iii)	Severance payment	2.5 times the sum of Base Salary and target Annual Incentive (as defined and set forth in the Employment Agreement), plus Base Salary from the Separation Date through December 31, 2013. Paid in a single lump sum within 20 calendar days after April 1, 2014.*
(ii)	Annual incentive	The annual incentive that would have been payable to Executive under the annual incentive plan for the 2013 fiscal year (without pro-ration, notwithstanding anything contained in the Employment Agreement to the contrary), based on actual performance during the entire fiscal year. Paid in a single lump sum at the same time that payments are made to other participants in the annual incentive plan.
(iv)	Vesting of restricted share units	See Section 3(b) of the Agreement
(v)	Health insurance	18 times the monthly medical and dental premiums based on the level of coverage in effect for you on the Separation Date, and grossed-up for applicable taxes. Paid in a single lump sum within 20 calendar days after April 1, 2014.*
(vi)	Life insurance	Continued life insurance coverage at no cost to Executive through December 31, 2013. The Company shall take all steps reasonably necessary to continue Company-provided basic life insurance coverage applicable on December 31, 2013 through June 30, 2016 (and if the policy cannot be continued in its then-current form, the Company shall exercise any required conversion features to continue the policy), at no direct or indirect (e.g. taxes or withholding) cost to Executive.
	Financial planning	\$15,000 to cover the approximate cost of financial planning services for a period of one year after the Separation Date. Paid in a single lump sum within 20 calendar days after April 1, 2014.*

* The payment shall accrue interest from the Separation Date through (and including) April 1, 2014 at an interest rate of 0.28%. Any interest calculation that would result in a payment that includes a fraction of less than one cent shall be rounded to the nearest whole cent.

EXHIBIT C
CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (this "Agreement") is made and entered into as of January 1, 2014 (the "Effective Date"), by and between John F. Lansing ("Consultant") and Scripps Networks Interactive, Inc. (the "Company"). The Company and Consultant are sometimes collectively referred to herein as the Parties and individually as a Party.

WHEREAS, Consultant is a highly experienced executive and a former President, Scripps Networks at the Company, with unique knowledge and expertise concerning the assets, business strategy and management of the Company;

WHEREAS, the Company and Consultant have entered into that certain Separation Agreement, dated as of September 4, 2013 (the "Separation Agreement"), pursuant to which Consultant voluntarily retired from the Company and its affiliates as of October 1, 2013; and

WHEREAS, the Company and Consultant desire that Consultant provide the Company with certain consulting services relating to the Company's business and operations.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

1. Engagement. Subject to and conditioned upon Consultant's compliance with his obligations under Sections 1, 4, 5, 6, 7 and 8 of the Separation Agreement, the Company hereby engages Consultant, and Consultant agrees to provide certain consulting services to the Company, in accordance with the terms, and subject to the conditions, of this Agreement.

2. Consulting Period. During the period commencing on the Effective Date and ending on December 31, 2015, or such earlier date on which Consultant's consulting relationship with the Company is terminated as provided herein (the "Consulting Period"), Consultant shall, at the Company's request, provide consulting services to the Company and its affiliates as set forth in Section 3 below (the "Consulting Services"). It is expressly understood that upon expiration or termination of the Consulting Period, the consulting relationship between the Parties shall come to an end unless otherwise provided by the Parties in writing. As used in this Agreement, the term "affiliate" shall mean any entity controlled by, controlling, or under common control with, the Company.

3. Services To Be Provided. During the Consulting Period, Consultant agrees to serve the Company in such capacity or capacities (and to perform such duties) as may be specified from time-to-time by the Company's Chief Executive Officer or Board of Directors. In particular, Consultant agrees that, to the extent reasonably requested by the Company's Chief Executive Officer or Board of Directors, he shall conscientiously and in good faith make efforts to facilitate the successful transition of the individual who succeeds Consultant at the Company. In connection therewith, Consultant shall make himself available (by telephone or otherwise) at reasonable times during normal business hours and on reasonable notice to consult with the Company's Chief Executive Officer and Board of Directors; *provided, however*, that the Consulting Services rendered by Consultant during the Consulting Period shall not exceed 32

hours each calendar month, on average. In addition, Consultant shall make himself available to travel within the United States (and internationally but only if Consultant consents to such travel) in connection with his services hereunder if reasonably requested by the Company's Chief Executive Officer or Board of Directors and any travel expenses associated therewith shall be reimbursed to the extent provided by Section 6.

4. Non-Exclusive Relationship. The Consulting Services being provided by Consultant are on a non-exclusive basis, and Consultant shall be entitled to perform or engage in any activity not inconsistent with this Agreement or otherwise prohibited by Section 11 of this Agreement. Moreover, the Company shall be permitted to engage any other individual or firm as an investment banker, broker, consultant or other professional advisor during the Consulting Period.

Consultant has disclosed to the Company that he has an offer of full-time employment to become the President and CEO of the Cable & Telecommunications Association for Marketing ("CTAM") and that, if he accepts this offer, his employment with CTAM could begin prior to the Effective Date of this Agreement. Company agrees that Consultant's employment with CTAM is not competitive with the Company and will not violate Section 11, Restrictive Covenants, or any other Section of this Agreement. Consultant represents and warrants that he would have no contractual limitation on his ability to provide consulting services to the Company pursuant to this Agreement during his employment with CTAM.

5. Compensation. The Company shall pay Consultant the following compensation for the Consulting Services provided hereunder:

(a) Consulting Fee. During the Consulting Period, the Company shall pay Consultant a monthly retainer of \$20,833.33 (with the amount being \$20,833.34 on every other third month during the Consulting Period to account for rounding) for Consulting Services to be performed by Consultant (the "Consulting Fee"). The Company shall pay Consultant the Consulting Fee for such services promptly, but in no event later than 15 calendar days following the last day of the month with respect to which such services are performed.

(b) Tax Obligations. Consultant shall be responsible for the payment of all taxes, interest and penalties owed on all amounts paid to Consultant by the Company hereunder (including any taxes, interest and penalties under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold Consultant harmless from any or all of such taxes, interest or penalties.

6. Reimbursable Costs. The Company shall reimburse Consultant in accordance with general policies and practices of the Company for actual and reasonable expenses incurred in performing the Consulting Services during the Consulting Period, payable within 30 calendar days of receipt of an invoice; *provided* that the invoice is provided to the Company no later than two months after the expense was incurred.

7. Duties of the Company. The Company shall (a) grant Consultant access to records, files, office space, employees and consultants as reasonably required for Consultant to perform the Consulting Services contemplated herein; (b) provide Consultant with computer equipment, software, internet access, and communication devices reasonably required for Consultant to perform the Consulting Services contemplated herein; and (c) pay to Consultant the amounts due to Consultant within the time periods specified herein.

8. Duties of Consultant. Subject to Section 3 and Section 11 of this Agreement, Consultant shall (a) dedicate such time commitment to the Consulting Services as is reasonably necessary to perform such Consulting Services; (b) comply with all applicable federal, state and municipal laws and regulations required to enable Consultant to render to the Company the Consulting Services called for herein; and (c) upon termination of the Consulting Period, return to the Company all Company property in Consultant's possession, including without limitation, keys, credit cards, telephone calling cards, computer hardware and software, cellular and portable telephone equipment, manuals, books, notebooks, financial statements, and reports.

9. Retention of Authority. Throughout the Consulting Period, the Company shall retain all authority and control over the business, policies, operations and assets of the Company and its affiliates. Consultant shall not knowingly violate any rules or policies of the Company applicable to Consultant or violate any applicable law in connection with the performance of the Consulting Services. The Company does not, by virtue of the Agreement, delegate to Consultant any of the powers, duties or responsibilities vested in the Company or its affiliates by law or under the organizational documents of the Company or its affiliates. Consultant shall have no authority to enter into contracts or agreements on behalf of the Company or its affiliates during or after the Consulting Period.

10. Independent Consultant Status. In performing the Consulting Services herein, the Company and Consultant agree that Consultant shall at all times be acting solely as an independent contractor and not as an employee of the Company. The Parties acknowledge that Consultant was, prior to the Consulting Period, an employee of the Company, serving as President, Scripps Networks at the Company, but that such employment relationship has terminated prior to the effectiveness of this Agreement. The Company and Consultant agree that Consultant will not be an employee of the Company or its affiliates during the Consulting Period in any matter under any circumstances or for any purposes whatsoever, and that Consultant and not the Company shall have the authority to direct and control Consultant's performance of his activities hereunder. The Company shall not pay, on the account of Consultant or any principal, employee or contractor of Consultant, any unemployment tax or other taxes, required under the law to be paid with respect to employees; nor shall the Company withhold any federal, state, local or other taxes from the Consulting Fee (other than as required by applicable law, as reasonably determined by the Company, with respect to that portion, if any, that is considered severance or other wages for tax purposes); nor shall the Company provide Consultant, in his capacity as such, or any principal, employee or contractor of Consultant with any benefits, including pension, retirement, or any kind of insurance benefits, including workers compensation insurance. Consultant and the Company hereby agree and acknowledge that this Agreement does not impose any obligation on the Company to offer employment to Consultant at any time. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the Company and Consultant, nor to authorize either Party to act as general or special agent of the other Party in any respect.

11. Restrictive Covenants. Consultant acknowledges and agrees that he remains obligated to comply with the provisions of Sections 9 (Non-Competition, Confidential Information, Etc.) of the Employment Agreement, which provisions shall continue to apply, in accordance with their terms; *provided, however,* that notwithstanding the provisions of Section 9 of the Employment Agreement to the contrary (a) the Non-Compete Period, as defined therein, shall terminate on December 31, 2015; (b) for the portion of the Non-Compete Period commencing July 1, 2014 and ending December 31, 2015, the provisions of Section 9(a) (Non-Competition) shall be limited to prohibiting Consultant from, directly or indirectly, engaging in or participating as an owner, partner, stockholder, officer, employee, director, agent of or consultant for any business competitive with the Company in non-fiction lifestyle content for the food, home and/or travel categories, including, but not limited to, long form and short form video, photographs and print, provided however, that this limitation shall not apply to Consultant's employment or consulting with an entity whose non-fiction lifestyle content in the food, home and/or travel categories makes up 5% or less of its content, so long as Consultant gives prior notice as set forth herein and does not provide services related to content in the food, home and/or travel categories; and (c) the provisions of Section 9(b) (Confidential Information) of the Employment Agreement shall continue to apply to "Confidential Information", as that term is defined in the Employment Agreement, provided to, conceived, developed contributed to, or made by Consultant in connection with performing his duties under the Agreement during the Consulting Period. It is understood and agreed that the Non-Competition restriction in Section 9(a) of the Employment Agreement, as modified herein, shall not apply to (i) the project currently known as "The Refinery", which Consultant has previously disclosed to the Company, so long as any services provided by Consultant to The Refinery do not relate to program production, distribution, exhibition, promotion, or other exploitation of content in the food, travel and/or home categories with competitors of the Company; (ii) any entity in which the Company has an ownership interest; (iii) any entity in which the Company, after the Effective Date, acquires a majority interest; and (iv) Consultant's investing as a less-than-one percent (1%) stockholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system. To enable the Company to monitor Consultant's compliance with the obligations imposed by this Section 11, Consultant agrees to inform the Company in writing, upon the Effective Date, of the identity of any new consulting arrangement he may enter into and of any new employer, including a description of the services to be provided or Consultant's new job title. Thereafter, Consultant shall inform the Company, in writing, any time Consultant changes the nature of such services or employment or obtains another consulting engagement or new employment during the Consulting Period 30 calendar days, or as soon as practicable, prior to such change or commencement of a new engagement or new employment. Following receipt of such notice, if Company believes that Consultant is in violation of this Section 11 it shall provide him written notice of the alleged violation and give him 14 days to cure the alleged violation before it takes any further action to address the issue. If the Consultant cures the alleged violation, as determined in the sole discretion of the Company, no further action shall be taken by the Company. If Consultant fails to provide the notice required in this paragraph, the Company is not obligated to provide any right to cure.

12. Termination. Either Party may terminate this Agreement without cause (as defined below) and Consultant's services hereunder at any time and for any reason prior to the end of the Consulting Period by providing at least 30 calendar days prior written notice to the other Party in accordance with Section 13(h) below. In the event of such termination, Company

shall pay Consultant all earned but unpaid Consulting Fees through the date of termination, and Company shall continue to pay Consultant the monthly Consulting Fees through December 31, 2015, in accordance with the payment schedule set forth in Section 5(a) hereof. For purposes of this Section 12, "Cause" shall mean (i) Consultant's conviction of a felony or an act of fraud or dishonesty resulting in material injury to business or reputation of the Company or its affiliates; or (ii) Consultant's material breach of any of his obligations under this Agreement (including without limitation, Section 11 hereof), the Separation Agreement or the Release (as defined in the Separation Agreement).

13. Miscellaneous.

(a) Final and Entire Agreement; Amendment. Except with respect to the provisions of the Employment Agreement expressly referenced herein, this Agreement, together with the Separation Agreement (including Exhibit B) and the release attached thereto, represents the final and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and discussions between the Parties hereto and/or their respective counsel with respect to the subject matter hereof. Consultant has not relied upon any representations, promises or agreements of any kind except those set forth herein in signing this Agreement. Any amendment to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and stating the intent of the Parties to amend this Agreement.

(b) Amendments. No provision of this Agreement may be amended, modified or waived except by a written instrument signed by each of the Parties hereto (or, in the case of a waiver, by the Party against whom enforcement of the waiver is sought).

(c) Successors. This Agreement is personal to Consultant and without the prior written consent of the Company shall not be assignable by Consultant other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Consultant's surviving spouse, heirs, and legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its affiliates, and their respective successors and assigns. Except as provided in the next sentence, the Company may not assign this Agreement or delegate any of its obligations hereunder without the prior written consent of Consultant. The Company shall cause any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all or a substantial portion of the Company's business and/or assets to assume this Agreement expressly in writing and to expressly agree to perform this Agreement immediately upon such succession in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(d) Choice of Law; Jurisdiction. This Agreement shall be governed by and construed exclusively in accordance with the laws of the State of Tennessee. The Parties agree that any conflict of law rule that might require reference to the laws of some jurisdiction other than Tennessee shall be disregarded. Each Party hereby agrees for itself and its properties that the courts sitting in Knox County shall have sole and exclusive jurisdiction and venue over any matter arising out of or relating to this Agreement, or from the relationship of the parties, or from Consultant's employment with the Company, or from the termination of Consultant's employment with the Company, whether arising from contract, tort, statute, or otherwise, and hereby submits itself and its property to the venue and jurisdiction of such courts.

(e) Effect of Waivers and Consents. No waiver of any default or breach by any Party hereto shall be implied from any omission by a Party to take any action on account of such default or breach if such default or breach persists or is repeated and no express waiver shall affect any default or breach other than the default or breach specified in the express waiver, and that only for the time and to the extent therein stated. One or more waivers of any covenant, term or condition of this Agreement by a Party shall not be construed to be a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by any Party shall not be deemed to waive or render unnecessary the consent to or approval of said Party of any subsequent or similar acts by a Party.

(f) Counterparts. This Agreement may be executed in one or more counterparts (including by means of facsimile or other electronic transmission), each of which shall be deemed an original, but all of which taken together shall constitute one original instrument.

(g) Severability. In construing this Agreement, if any portion of this Agreement shall be found to be invalid or unenforceable, the remaining terms and provisions of this Agreement shall be given effect to the maximum extent permitted without considering the void, invalid or unenforceable provision.

(h) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other Party or by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier, addressed as follows:

If to Consultant: at Consultant's most recent address on the records of the Company;

If to the Company: Scripps Networks Interactive, Inc., 9721 Sherrill Boulevard, Knoxville, Tennessee 37932, Attn: Chief Legal Officer;

or to such other address as either Party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective on the date of delivery if delivered by hand, on the first business day following the date of dispatch if delivered utilizing overnight courier, or three business days after having been mailed, if sent by registered or certified mail.

(i) Representation By Counsel. Each of the Parties acknowledges that it or he has had the opportunity to consult with legal counsel of his or its choice prior to the execution of this Agreement. Without limiting the generality of the foregoing, Consultant acknowledges that he has had the opportunity to consult with his own independent legal counsel to review this Agreement for purposes of compliance with the requirements of Section 409A or an exemption therefrom, and that he is relying solely on the advice of his independent legal counsel for such purposes. Moreover, the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(j) Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with Section 409A or are exempt therefrom and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company (with specificity as to the reason therefor) that Executive believes that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the

Company shall, after consulting with Executive, reform such provision in a manner that is economically neutral to the Company to attempt to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. The Parties acknowledge and agree that (i) the payments in Section 5(a) of this Agreement are intended to be treated as separate payments for purposes of Section 409A, and (ii) the Company intends to require Consultant to, and Consultant intends to, perform services during the Consulting Period at a level equal to or less than 20% of the average level of service Consultant previously performed for the Company during the 36-month period immediately preceding the Effective Date.

(k) Attorney's Fees. In the event of any breach of this Agreement, the prevailing party (as determined by the court), shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief that such party may be entitled, which reimbursement shall be made promptly (and within 30 calendar days) following a final, non-appealable judgment by a court of competent jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first set forth above.

SCRIPPS NETWORKS INTERACTIVE, INC.

By: /s/ Kenneth W. Lowe

Its: Chairman, President and Chief Executive Officer

CONSULTANT

/s/ John F. Lansing

John F. Lansing

CERTIFICATIONS

I, Kenneth W. Lowe, certify that:

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

Date: November 12, 2013

BY: /s/ Kenneth W. Lowe

Kenneth W. Lowe
Chairman, President and Chief Executive Officer

CERTIFICATIONS

I, Joseph G. NeCastro, certify that:

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

Date: November 12, 2013

BY: /s/ Joseph G. NeCastro

Joseph G. NeCastro
Chief Financial & Administrative Officer

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

I, Kenneth W. Lowe, Chairman, President and Chief Executive Officer of Scripps Networks Interactive, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2013 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth W. Lowe

Kenneth W. Lowe
Chairman, President and Chief Executive Officer

November 12, 2013

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

I, Joseph G. NeCastro, Chief Financial & Administrative Officer of Scripps Networks Interactive, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2013 (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph G. NeCastro

Joseph G. NeCastro
Chief Financial & Administrative Officer

November 12, 2013

