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, 2016

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	**61-1551890**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
9721 Sherrill Boulevard Knoxville, TN	**37932**
(Address of principal executive offices)	**(Zip Code)**

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

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, 2016 there were 95,257,365 of the Registrant's Class A Common Shares outstanding and 33,850,481 of the Registrant's Common Voting Shares outstanding.

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SCRIPPS NETWORKS INTERACTIVE, INC.

SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share data and par value amounts)

	As of	
	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 329,573	$ 223,444
Accounts receivable, net of allowances: 2016 - $20,625; 2015 - $12,569	777,794	816,679
Programs and program licenses	617,970	588,999
Prepaid expenses and other current assets	74,749	98,759
Total current assets	1,800,086	1,727,881
Programs and program licenses (less current portion)	517,196	522,899
Investments	746,066	807,630
Property and equipment, net of accumulated depreciation: 2016 - $343,525; 2015 - $299,153	286,392	293,230
Goodwill	1,806,720	1,804,748
Intangible assets, net	1,190,996	1,262,664
Deferred income taxes	148,692	91,954
Other non-current assets	151,626	161,308
Total Assets	$ 6,647,774	$ 6,672,314
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 28,092	$ 35,308
Accrued liabilities	161,145	159,969
Employee compensation and benefits	91,749	115,266
Program rights payable	67,430	68,892
Deferred revenue	102,733	96,040
Current portion of debt	749,747	499,174
Total current liabilities	1,200,896	974,649
Debt (less current portion)	2,832,971	3,511,098
Other non-current liabilities	279,760	250,391
Total liabilities	4,313,627	4,736,138
Redeemable non-controlling interests (Note 14)	4,500	99,000
Equity:		
SNI shareholders' equity:		
Preferred stock, $0.01 par - authorized: 25,000,000 shares; none outstanding	—	—
Common stock, $0.01 par:		
Class A Common Shares - authorized: 240,000,000 shares; issued and outstanding: 2016 - 95,257,360 shares; 2015 - 94,838,600 shares	952	948
Common Voting Shares - authorized: 60,000,000 shares; issued and outstanding: 2016 - 33,850,481 shares; 2015 - 33,850,481 shares	339	339
Total common stock	1,291	1,287
Additional paid-in capital	1,378,168	1,347,491
Retained earnings	826,795	305,386
Accumulated other comprehensive loss	(178,573)	(130,233)
SNI shareholders' equity	2,027,681	1,523,931
Non-controlling interest (Note 14)	301,966	313,245
Total equity	2,329,647	1,837,176
Total Liabilities and Equity	$ 6,647,774	$ 6,672,314

See notes to condensed consolidated financial statements.

SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share data)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating revenues:				
Advertising	$ 556,425	$ 527,855	$ 1,774,928	$ 1,466,014
Distribution	221,702	224,941	673,216	649,166
Other	24,958	23,326	64,590	51,294
Total operating revenues	803,085	776,122	2,512,734	2,166,474
Operating expenses:				
Cost of services, excluding depreciation and amortization	298,207	270,150	864,873	664,384
Selling, general and administrative	200,820	193,645	590,774	574,330
Depreciation	20,241	18,359	53,869	50,052
Amortization	25,771	22,932	82,487	46,267
Loss (gain) on disposal of property and equipment	129	40	(113)	2,600
Total operating expenses	545,168	505,126	1,591,890	1,337,633
Operating income	257,917	270,996	920,844	828,841
Interest expense, net	(32,609)	(50,439)	(99,529)	(80,182)
Equity in earnings of affiliates	8,473	23,392	55,863	69,627
Gain on derivatives	2,827	4,037	13,860	47,168
Gain on sale of investments	-	-	191,824	-
Miscellaneous, net	21,276	(9,543)	5,670	(23,198)
Income from operations before income taxes	257,884	238,443	1,088,532	842,256
Provision for income taxes	76,043	75,110	333,393	266,685
Net income	181,841	163,333	755,139	575,571
Less: net income attributable to non-controlling interests	(35,844)	(38,774)	(133,637)	(133,451)
Net income attributable to SNI	$ 145,997	$ 124,559	$ 621,502	$ 442,120
Net income attributable to SNI common shareholders per share of common stock:				
Basic	$ 1.13	$ 0.96	$ 4.80	$ 3.41
Diluted	$ 1.12	$ 0.96	$ 4.78	$ 3.39
Weighted average shares outstanding:				
Basic	129,586	129,177	129,485	129,817
Diluted	130,124	129,704	130,022	130,434

See notes to condensed consolidated financial statements.

SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income	$ 181,841	$ 163,333	$ 755,139	$ 575,571
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax: 2016 - $92 and ($718); 2015 - $1,345 and $862	30,983	(6,728)	(50,248)	(4,312)
Pension Plan and SERP liability adjustments, net of tax: 2016 - ($432) and ($1,192); 2015 - ($333) and ($1,315)	756	750	2,088	2,142
Comprehensive income	213,580	157,355	706,979	573,401
Less: comprehensive income attributable to non-controlling interests	(35,822)	(41,904)	(133,817)	(136,122)
Comprehensive income attributable to SNI	$ 177,758	$ 115,451	$ 573,162	$ 437,279

See notes to condensed consolidated financial statements.

SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine months ended September 30, 2016	2015
Operating Activities:		
Net income	$ 755,139	$ 575,571
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	53,869	50,052
Amortization	82,487	46,267
Program amortization	673,797	526,825
Program payments	(703,123)	(588,052)
Equity in earnings of affiliates	(55,863)	(69,627)
Share-based compensation	29,352	29,443
Gain on derivatives	(13,860)	(47,168)
Gain on sale of investments	(191,824)	—
Dividends received from equity investments	52,090	68,278
Deferred income taxes	(44,656)	(43,261)
Changes in working capital accounts (excluding the effects of acquisition):		
Accounts receivable, net	36,974	(45,450)
Other assets	(9,043)	11,231
Accounts payable	(6,808)	5,154
Deferred revenue	6,851	39,743
Accrued / refundable income taxes	72,354	93,748
Other liabilities	(9,854)	(15,157)
Other, net	(5,214)	20,301
Cash provided by operating activities	722,668	657,898
Investing Activities:		
Additions to property and equipment	(47,909)	(32,091)
Collections of note receivable	3,134	3,498
Purchases of investments	(10,211)	(32,584)
Sale of investments	226,484	—
Purchase of subsidiary companies, net of cash acquired	(450)	(539,309)
Investment in intangible	(11,634)	—
Foreign currency call option premium	—	(16,000)
Settlement of derivatives	14,474	63,305
Other, net	(8,228)	(36,336)
Cash provided by (used in) investing activities	165,660	(589,517)
Financing Activities:		
Proceeds from debt	—	3,050,764
Repayments of debt	(390,000)	(1,944,525)
Debt issuance costs	—	(14,491)
Extinguishment of debt	(52,864)	(404,294)
Purchase of non-controlling interests	(99,000)	(853,853)
Dividends paid to non-controlling interests	(143,557)	(154,948)
Dividends paid	(97,092)	(89,144)
Repurchases of Class A Common Shares	—	(288,502)
Proceeds from stock options	6,900	8,073
Other, net	(4,783)	356
Cash used in financing activities	(780,396)	(690,564)
Effect of exchange rate changes on cash and cash equivalents	(1,803)	(8,629)
Increase (decrease) in cash and cash equivalents	106,129	(630,812)
Cash and cash equivalents - beginning of period	223,444	878,164
Cash and cash equivalents - end of period	$ 329,573	$ 247,352
Supplemental Cash Flow Disclosures:		
Interest paid, excluding amounts capitalized	$ 54,090	$ 68,311
Income taxes paid	$ 309,536	$ 258,270

See notes to condensed consolidated financial statements.

SCRIPPS NETWORKS INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
(in thousands, except share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity	Redeemable Non-controlling Interests (Temporary Equity)
Balance as of December 31, 2014	$ 1,321	$ 1,359,023	$ 79,994	$ (57,891)	$ 302,140	$ 1,684,587	$ 96,251
Comprehensive income			442,120	(4,841)	131,080	568,359	5,042
Redeemable non-controlling interest fair value adjustments			(1,081)			(1,081)	1,081
Addition to non-controlling interests					858,530	858,530	700
Purchase of non-controlling interest		7,956			(861,809)	(853,853)	
Dividends paid to non-controlling interests					(145,052)	(145,052)	(9,896)
Dividends declared and paid: $0.69 per share			(89,144)			(89,144)	
Repurchases of Class A Common Shares: 3,986,275 shares	(40)	(43,677)	(244,785)			(288,502)	
Share-based compensation		29,443				29,443	
Exercise of employee share options: 176,859 shares issued	2	8,071				8,073	
Other share-based compensation, net: 399,025 shares issued; 130,684 shares repurchased	3	(7,144)				(7,141)	
Tax impact of compensation plans		622				622	
Balance as of September 30, 2015	$ 1,286	$ 1,354,294	$ 187,104	$ (62,732)	$ 284,889	$ 1,764,841	$ 93,178
Balance as of December 31, 2015	$ 1,287	$ 1,347,491	$ 305,386	$ (130,233)	$ 313,245	$ 1,837,176	$ 99,000
Comprehensive income			621,502	(48,340)	132,252	705,414	1,565
Redeemable non-controlling interest fair value adjustments			(2,935)			(2,935)	2,935
Addition to non-controlling interest					26	26	
Purchase of non-controlling interest						-	(99,000)
Dividends paid to non-controlling interests					(143,557)	(143,557)	
Dividends declared and paid: $0.75 per share			(97,092)			(97,092)	
Share-based compensation		29,352				29,352	
Exercise of employee share options: 184,541 shares issued	2	6,898				6,900	
Other share-based compensation, net: 352,240 shares issued; 118,021 shares repurchased	2	(5,278)				(5,276)	
Tax impact of compensation plans		(361)				(361)	
Impact of ASC 718 implementation		66	(66)			-	
Balance as of September 30, 2016	$ 1,291	$ 1,378,168	$ 826,795	$ (178,573)	$ 301,966	$ 2,329,647	$ 4,500

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of Business and Basis of Presentation

As used in the notes to the condensed consolidated financial statements, the terms "SNI," "Scripps," "the Company," "we," "our," "us" or similar terms 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.

Description of Business

SNI operates in the media industry and has interests in domestic and international television networks and internet-based media properties.

The Company has two reportable segments: U.S. Networks and International Networks. U.S. Networks includes our six domestic television networks: HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel and Great American Country. Additionally, U.S. Networks includes websites associated with the aforementioned television brands and other internet and mobile businesses serving home, food, travel and other lifestyle-related categories. U.S. Networks also includes our digital content studio, Scripps Networks Lifestyle Studio.

International Networks includes TVN S.A. ("TVN"), which operates a portfolio of free-to-air and pay-TV lifestyle and entertainment networks in Poland, including TVN, TVN24, TVN Style, TTV, TVN Turbo, TVN24 Biznes i Świat. Also included in TVN is TVN Media, an advertising sales house. Additionally, International Networks includes the lifestyle-oriented networks available in the United Kingdom ("UK"), other European markets, the Middle East and Africa ("EMEA"), Asia Pacific ("APAC"), Latin America and the Caribbean. International Networks also includes our 50.0 percent share of the results of UKTV, a general entertainment and lifestyle channel platform in the UK.

Basis of Presentation

The condensed consolidated financial statements include the accounts of SNI and its majority-owned or controlled subsidiaries. Investments in business entities in which the Company does not have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting. 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 unaudited condensed consolidated financial statements and the related notes hereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Unaudited Interim Financial Statements

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"). The year end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates, judgements and assumptions that affect the amounts and disclosures reported in the condensed consolidated financial statements and accompanying notes. 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 materially 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.

Reclassifications

During the second quarter of 2016, the Company adopted new guidance related to the accounting for employee share-based payments. This change resulted in a reclassification in 2016 of $0.1 million of the cumulative effect from 2015 and 2014 of forfeited share-based payments from retained earnings to additional paid-in capital on our condensed consolidated balance sheets and our condensed consolidated statements of shareholders' equity.

2. Accounting Standards Updates

Issued and Adopted

In March 2016, the Financial Accounting Standards Board ("FASB") issued new accounting guidance related to share-based compensation, *Improvements to Employee Share-Based Payment Accounting,* which simplifies several aspects of the accounting for share-based payments, including forfeitures, accounting for income taxes and statutory withholding requirements. Additionally, this guidance provides clarity around presentation of items within the statements of cash flows. We adopted this guidance in the second quarter of 2016. This implementation did not have a material effect on our condensed consolidated financial statements and related disclosures.

Issued and Not Yet Adopted

In October 2016, the FASB issued new accounting guidance related to variable interest entities, *Interests Held Through Related Parties Under Common Control*, which amends the consolidation guidance applied to indirect interests in the entity held through related parties under common control with the reporting entity when determining whether it is the primary beneficiary of a variable interest entity. The guidance is effective for us on January 1, 2017, and early adoption is permitted. We are currently reviewing the guidance to determine any impact that its application may have on our condensed consolidated financial statements and related disclosures. We expect this assessment to be completed by the fourth quarter of 2016.

In August 2016, the FASB issued new accounting guidance related to statements of cash flows, *Classification of Certain Cash Receipts and Cash Payments,* which is intended to clarify existing guidance on classification issues and reduce potential diversity in practice. The guidance identifies cash flow situations whereby there has been diversity in application and provides specific guidance as to the treatment. The guidance requires retrospective application and is effective for us on January 1, 2018, and early adoption is permitted. We are currently reviewing the guidance to determine any impact that its application may have on our condensed consolidated financial statements and related disclosures. We expect this assessment to be completed by the fourth quarter of 2016.

In March 2016, the FASB issued new accounting guidance related to revenue recognition, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* which is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations within the new revenue recognition guidance by clarifying the indicators. This guidance updates the revenue recognition guidance issued in May 2014, *Revenue from Contracts with Customers.* In May 2014, the FASB issued new accounting guidance related to revenue recognition, *Revenue from Contracts with Customers,* which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The guidance will replace most existing revenue recognition guidance in GAAP. The guidance is effective for us on January 1, 2018, and early adoption is permitted. We are performing an assessment of the new guidance to determine the impact it will have on our condensed consolidated financial statements and related disclosures. We expect this assessment to be completed by mid-2017.

In March 2016, the FASB issued new accounting guidance related to investments, *Investments – Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting,* which simplifies the accounting for a transition to equity method investment of accounting as a result of an increase in level of ownership or degree of influence and eliminates the requirement to retroactively adjust the investment for all periods the investment was held. The amendments in the update require that an entity that has an available-for-sale equity security becomes qualified for the equity method of accounting if they recognize earnings through the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment qualifies for equity method treatment. The guidance is effective for us on January 1, 2017, and early adoption is permitted. We do not expect the new guidance to have a material effect on our condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued new accounting guidance related to leases, *Leases,* which requires the recognition of an asset and liability arising from leasing arrangements for leases extending beyond an initial period of twelve months. The guidance will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for us on January 1, 2019, and early adoption is permitted. We are currently evaluating the new guidance to determine the impact it will have on our condensed consolidated financial statements and related disclosures. We expect this assessment to be completed by mid-2017.

In January 2016, the FASB issued new accounting guidance related to financial assets and liabilities, *Recognition and Measurement of Financial Assets and Financial Liabilities,* which requires equity investments not accounted for under the equity method to be measured at fair value with changes recognized in net income. Additionally, the guidance simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairments, requiring public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requiring an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when an entity has elected to measure the liability at fair value, requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset either on the balance sheet or in the accompanying notes and clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The guidance will reduce diversity in current practice. The guidance is effective for us on January 1, 2018, and early adoption is not permitted. We have evaluated the guidance and do not expect it to have a material impact on our condensed consolidated financial statements and related disclosures

3. 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 share-based awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, in our basic and diluted EPS number of shares outstanding.
The following table presents information about basic and diluted weighted average shares outstanding:

	Three months ended September 30,		**Nine months ended September 30,**	
(in thousands)	**2016**	**2015**	**2016**	**2015**
Basic weighted average shares outstanding	129,586	129,177	129,485	129,817
Effect of dilutive securities:				
Unvested share units and shares held by employees	216	210	223	182
Stock options held by employees and directors	322	317	314	435
Diluted weighted average shares outstanding	130,124	129,704	130,022	130,434
Anti-dilutive share awards	879	1,193	1,157	752

For the three and nine months ended September 30, 2016 and September 30, 2015, the anti-dilutive share-based awards were not included in the computation of diluted weighted average shares outstanding.

4. Acquisitions

On July 1, 2015 (the "Acquisition Date"), the Company, through an indirect wholly-owned subsidiary, acquired 100.0 percent of the outstanding shares of N-Vision B.V., a Dutch limited liability company ("N-Vision") that held a majority interest in TVN, for approximately €1,440.0 million, or $1,608.6 million, comprised of cash consideration of €584.0 million, or $652.4 million, and principal amounts of debt assumed of €856.0 million, or $956.2 million, including €556.0 million, or $621.1 million, of debt directly attributed to TVN (the "Acquisition"). The Acquisition was funded with a portion of the net proceeds from the Company's $1,500.0 million debt offering executed in June 2015 (the "Financing") (see Note 10 – *Debt*). The majority of the remaining debt proceeds were used to purchase the residual outstanding shares of TVN through a tender offer for approximately $831.5 million (the "Tender Offer") and a subsequent squeeze-out for approximately $22.4 million (the "Squeeze-out"), which were both completed during the third quarter of 2015. Together, the Acquisition, Tender Offer and Squeeze-out are referred to herein as the "Transactions". Total consideration for the Transactions was approximately $2,462.5 million.

The primary purpose of the Acquisition was to obtain N-Vision's 52.7 percent controlling interest in the voting shares of TVN, a public media company listed on the Warsaw Stock Exchange (the "WSE").

We incurred transaction and integration related expenses of $12.0 million and $8.4 million for the three months ended September 30, 2016 and September 30, 2015, respectively, and $14.1 million and $22.8 million for the nine months ended September 30, 2016 and September 30, 2015, respectively, associated with the Acquisition. These transaction and integration expenses are included within selling, general and administrative in our condensed consolidated statements of operations and reduced our net income attributable to SNI by $9.6 million and $5.2 million for the three months ended September 30, 2016 and September 30, 2015, respectively, and $10.9 million and $14.1 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

The Acquisition was accounted for using the acquisition method of accounting, which requires, among other things, that we allocate the purchase price to the assets acquired and liabilities assumed based on their fair values as of the Acquisition Date. We have reported the results of operations for TVN in our condensed consolidated financial statements for the period beginning on the Acquisition Date.

The following table summarizes the final fair values of the assets acquired and liabilities assumed as of the Acquisition Date.

(in thousands) **Balance Sheet Classification**	**Fair Value as of July 1, 2015**
Cash consideration transferred	$ 652,365
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Assets acquired:	
Cash and cash equivalents	105,714
Restricted cash	7,342
Accounts receivable	110,387
Other current assets	21,592
Investments	354,719
Property and equipment	92,133
Programs and program licenses	79,211
Intangible assets	760,636
Liabilities assumed:	
Accounts payable	(28,941)
Accrued liabilities	(64,767)
Employee compensation and benefits	(27,896)
Program rights payable (current portion)	(19,395)
Deferred revenue	(2,132)
Deferred income taxes	(23,651)
Program rights payable (less current portion)	(3,492)
2018 TVN Notes	(128,577)
2020 TVN Notes	(528,205)
2021 PIK Notes	(409,549)
Term Loan	(18,178)
Other non-current liabilities	(5,624)
Non-controlling interest	(858,530)
Goodwill	1,239,568
Net assets acquired	$ 652,365

The following table represents the fair value of identifiable intangible assets and their assumed estimated useful lives.

(in thousands) **Intangible Asset Category**	**Type**	**Weighted Average Life in Years**	**Fair Value as of July 1, 2015**
Copyrights and other tradenames	Amortizable	23	$ 333,912
Broadcast licenses	Amortizable	25	128,017
Advertiser lists	Amortizable	7	106,681
Customer lists	Amortizable	15	26,670
Acquired network distribution rights and other	Amortizable	20	165,356
			$ 760,636

As a result of the Acquisition, we recognized goodwill of $1,239.6 million. The purchase price was assigned to assets acquired and liabilities assumed based on their estimated fair values as of the Acquisition Date, and the excess was allocated to goodwill as shown in the Balance Sheet Classification table above. Goodwill represents the value we expect to achieve through the Acquisition and is recorded in the International Networks segment. The fair value of this goodwill is not deductible for U.S. income tax purposes.

We utilized various valuation techniques to determine fair value, primarily discounted cash flow analyses and excess earnings valuation approaches, each of which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy (see Note 6 – *Fair Value Measurement*). Under these valuation approaches, we are required to make estimates and assumptions about sales, operating margins, growth rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

The following unaudited pro forma information presents the combined results of operations as if the Transactions had occurred at the beginning of fiscal year 2015, combining TVN's pre-acquisition results with our historical results. The 2016 condensed consolidated financial statements include the results of TVN for the entire period. The pro forma results contained in the following table include adjustments for amortization of acquired intangibles, depreciation expense, transaction costs, interest expense as a result of the Financing and related income taxes. Any potential cost savings or other operational efficiencies that could result from the Transactions are not included in these pro forma results. These pro forma results do not necessarily reflect what would have occurred if the Acquisition had taken place January 1, 2015, nor do they represent the results that may occur in the future.

(in thousands) **Pro Forma Results (unaudited)**	**Three months ended September 30, 2015**	**Nine months ended September 30, 2015**
Pro forma revenues	$ 776,122	$ 2,384,591
Pro forma net income attributable to SNI	$ 124,559	$ 419,920
Pro forma net income attributable to SNI shareholders per share of common stock:		
Basic	$ 0.96	$ 3.23
Diluted	$ 0.96	$ 3.22
Weighted average shares outstanding:		
Basic	129,177	129,817
Diluted	129,704	130,434

We did not recognize any contingent consideration arising from the Transactions.

On June 16, 2016 we acquired a new network distribution right in Italy for €10.4 million, or approximately $11.6 million. The new distribution right was recorded as an intangible asset with a 4 year straight-line amortizable life. The acquisition of this asset is reflected as an investing activity within our condensed consolidated statements of cash flows.

5. Employee Termination Programs

Restructuring Plan

During the fourth quarter of 2014, we provided qualified employees with voluntary early retirement packages and notified employees of the elimination of certain positions within the Company (the "Restructuring Plan"). We also announced that we would be closing our Cincinnati office location in late 2015 and relocating certain positions to our Knoxville headquarters. Our operating results do not reflect any impact for the three months ended September 30, 2016 and include $3.3 million of expense for severance, retention, benefits, relocation costs and accelerated depreciation incurred as a result of the Restructuring Plan for the three months ended September 30, 2015. As a result, net income attributable to SNI was not impacted for the three months ended September 30, 2016 and was reduced by $2.1 million for the three months ended September 30, 2015. Our operating results include a gain of $0.3 million and an expense of $14.5 million for severance, retention benefits, relocation costs and accelerated depreciation incurred as a result of the Restructuring Plan for the nine months ended September 30, 2016 and September 30, 2015, respectively. As a result, net income attributable to SNI was increased by $0.2 million and reduced by $9.0 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. The Restructuring Plan was substantially completed as of December 31, 2015.

A rollforward of the liability related to the Restructuring charges by segment is as follows:

	Nine months ended September 30, 2016			
(in thousands)	U.S. Networks	International Networks	Corporate and Other	Total
Liability as of December 31, 2015	$ 605	$ -	$ 5,314	$ 5,919
Net accruals	5	-	(315)	(310)
Payments	(610)	-	(4,315)	(4,925)
Non-cash [(a)]	-	-	333	333
Liability as of September 30, 2016	$ -	$ -	$ 1,017	$ 1,017

	Nine months ended September 30, 2015			
(in thousands)	U.S. Networks	International Networks	Corporate and Other	Total
Liability as of December 31, 2014	$ 12,041	$ -	$ 2,031	$ 14,072
Net accruals	6,117	-	8,302	14,419
Payments	(13,774)	-	(3,479)	(17,253)
Non-cash [(a)]	-	-	(1,419)	(1,419)
Liability as of September 30, 2015	$ 4,384	$ -	$ 5,435	$ 9,819

[(a)] Primarily represents the reclassification of current period charges for accelerated depreciation, pension payments made from the pension plan and share-based compensation.

Reorganization

During the fourth quarter of 2015, we committed to undertaking activities intended to streamline and integrate the management of our domestic networks, creating a cohesive and holistic organization (the "Reorganization"). As part of the Reorganization, we announced we would be relocating certain employees during 2016. Our operating results include $1.5 million and $0.8 million of expense for severance, retention, benefits and relocation costs incurred as a result of the Reorganization for the three months ended September 30, 2016 and September 30, 2015, respectively. As a result, net income attributable to SNI was reduced by $0.9 million and $0.5 million for the three months ended September 30, 2016 and September 30, 2015, respectively. Our operating results include $12.7 million and $0.8 million of expense for severance, retention, benefits and relocation costs incurred as a result of the Reorganization for the nine months ended September 30, 2016 and September 30, 2015, respectively. As a result, net income attributable to SNI was reduced by $7.9 million and $0.5 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. We anticipate that the Reorganization will be completed by the end of 2016.

A rollforward of the liability related to the Reorganization charges by segment is as follows:

	Nine months ended September 30, 2016			
(in thousands)	U.S. Networks	International Networks	Corporate and Other	Total
Liability as of December 31, 2015	$ 3,258	$ -	$ 8	$ 3,266
Net accruals	8,759	-	3,951	12,710
Payments	(10,229)	-	(2,828)	(13,057)
Non-cash [(b)]	(516)	-	(1,131)	(1,647)
Liability as of September 30, 2016	$ 1,272	$ -	$ -	$ 1,272

[(b)] Primarily represents the reclassification of current period charges for share-based compensation.

The liability for both the Restructuring Plan and Reorganization is included within accrued liabilities on our condensed consolidated balance sheets.

6. 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 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. Quoted prices for similar instruments in active markets or model driven valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

There have been no transfers of assets or liabilities between the fair value measurement classifications during the periods presented.

Recurring Measurements

	As of September 30, 2016			
(in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 5,439	$ 5,439	$ -	$ -
Foreign currency derivative	-	-	$ -	-
Total assets measured at fair value on a recurring basis	$ 5,439	$ 5,439	$ -	$ -
Temporary equity - Redeemable non-controlling interests	$ 4,500	$ -	$ -	$ 4,500

	As of December 31, 2015			
(in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 80,944	$ 80,944	$ -	$ -
Foreign currency derivative	615	-	615	-
Total assets measured at fair value on a recurring basis	$ 81,559	$ 80,944	$ 615	$ -
Temporary equity - Redeemable non-controlling interests	$ 99,000	$ -	$ -	$ 99,000

Foreign currency derivatives include free-standing foreign currency forward contracts which are marked to market at each reporting period. We classify our foreign currency forward contracts as Level 2, as the valuation inputs are based on quoted prices and market observable data of similar instruments.

At December 31, 2015, we determined the fair value of our redeemable non-controlling interest in Travel Channel 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 10.5 percent is also a key assumption in our discounted cash flow valuation model. On February 25, 2016, we agreed to pay the non-controlling interest owner $99.0 million to acquire the remaining 35.0 percent interest in Travel Channel, resulting in our 100.0 percent ownership (see Note 14 – *Redeemable Non-controlling Interest and Non-controlling Interest).*

Other Financial Instruments

The carrying values of our financial instruments do not materially differ from their estimated fair values as of September 30, 2016 and December 31, 2015, except for debt, which is disclosed in Note 10 – *Debt*, and redeemable non-controlling interests, which is disclosed in Note 14 – *Redeemable Non-controlling Interests and Non-controlling Interest*.

Non-Recurring Measurements

The majority of the Company's non-financial instruments, which include goodwill, other intangible assets and property and equipment, are not required to be carried at fair value on a recurring basis; however, if certain triggering events occur, or at least annually for goodwill, such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of cost or fair value.

7. Investments

Investments consisted of the following:

(in thousands)	As of September 30, 2016	As of December 31, 2015
Equity method investments	$ 687,911	$ 741,823
Cost method investments	58,155	65,807
Total investments	$ 746,066	$ 807,630

Investments accounted for using the equity method include the following:

	As of September 30, 2016	As of December 31, 2015
UKTV	50.0%	50.0%
HGTV Magazine JV	50.0%	50.0%
Food Network Magazine JV	50.0%	50.0%
Everytap	40.0%	40.0%
HGTV Canada	33.0%	33.0%
nC+	32.0%	32.0%
Food Canada	29.0%	29.0%
Onet	25.0%	25.0%
Fox-BRV Southern Sports Holdings	-	7.3%

UKTV

UKTV receives financing through a loan provided by us. The loan, totaling $98.7 million and $112.1 million as of September 30, 2016 and December 31, 2015, respectively, is reported within other non-current assets on our condensed consolidated balance sheets and effectively acts as a revolving credit 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, BBC Worldwide Limited, 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. As of September 30, 2016 and December 31, 2015, the Company’s investment in UKTV was $307.5 million and $353.4 million, respectively.

A portion of the purchase price from our 50.0 percent investment in UKTV was attributed to amortizable intangible assets, which are included in the carrying value of our UKTV investment. Amortization expense attributed to intangible assets recognized upon acquiring our interest in UKTV reduces the equity in earnings we recognize from our UKTV investment. Accordingly, equity in earnings of affiliates includes our $5.8 million and $11.3 million proportionate share of UKTV's results for the three months ended September 30, 2016 and September 30, 2015, respectively, which were reduced by amortization of $3.2 million and $4.3 million for the three months ended September 30, 2016 and September 30, 2015, respectively. Equity in earnings of affiliates includes our $29.8 million and $35.3 million proportionate share of UKTV's results for the nine months ended September 30, 2016 and September 30, 2015, respectively, which were reduced by amortization of $10.0 million and $12.7 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. The table below summarizes estimated amortization that we expect to reduce the Company's equity in UKTV's earnings for future periods:

(in thousands)		**Estimated Amortization***
Remainder of 2016	$	2,912
2017	$	11,745
2018	$	11,840
2019	$	11,936
2020	$	12,031
Thereafter	$	87,774

* The functional currency of UKTV is the Great British Pound ("GBP"), so these amounts are subject to change as the GBP to USD exchange rate fluctuates.

nC+

The Company, through its ownership of TVN, has an investment in nC+, which is managed under the terms of a shareholders' agreement. The nC+ shareholders' agreement contains various standard provisions with regards to the management of the business and related matters, as well as terms regarding disposition of ownership by either party. A portion of the purchase price from our 32.0 percent investment in nC+ was attributed to amortizable intangible assets, which are included in the carrying value of our nC+ investment. Amortization expense attributed to intangible assets recognized upon acquiring our interest in nC+ reduces the equity in earnings we recognize from our nC+ investment. The table below summarizes estimated amortization that we expect to reduce the Company's equity in nC+'s earnings for future periods:

(in thousands)		**Estimated Amortization***
Remainder of 2016	$	868
2017	$	3,970
2018	$	3,970
2019	$	3,970
2020	$	3,970
Thereafter	$	26,738

* The functional currency of nC+ is the Polish Zloty ("PLN"), so these amounts are subject to change as the PLN to USD exchange rate fluctuates.

Fox-BRV Southern Sports Holdings

On February 24, 2016, the Company sold its 7.3 percent equity interest in Fox-BRV Southern Sports Holdings ("Fox Sports South") to the controlling interest holder for a sale price of $225.0 million upon the exercise of the Company's put right. The sale of this ownership interest resulted in a gain of $208.2 million for the nine months ended September 30, 2016, which is recorded in gain on sale of investments in our condensed consolidated statements of operations and as both a gain on sale of investments within operating activities and as a cash inflow from sale of investments within investing activities in our condensed consolidated statements of cash flows. Further, the gain on sale resulted in tax expense of approximately $73.6 million for the nine months ended September 30, 2016.

On June 12, 2016, an investment in which the Company accounted for using the cost method was sold. The proceeds from the sale totaled $1.5 million and resulted in a $16.4 million loss recognized for the nine months ended September 30, 2016, which is recorded in gain on sale of investments in our condensed consolidated statements of operations and as both a gain on sale of investments within operating activities and as a cash inflow from sale of investments within investing activities in our condensed consolidated statements of cash flows.

During the third quarter of 2016, the Company, through TVN, notified the controlling interest holder of Onet that it is exercising its rights under the put option of its agreement. Discussions are currently ongoing regarding the value of the Company's interest and the associated timing of finalization. The Company expects this process to result in resolution and execution by the end of 2016.

During the third quarter 2016, the Company invested $5.0 million in Pluto TV, which has been accounted for as a cost method investment. Additionally, the Company invested another $4.7 million in Refinery29 earlier in 2016.

8. Goodwill and Intangible Assets

Activity related to goodwill by business segment consisted of the following:

(in thousands)		U.S. Networks		International Networks		Corporate and Other		Total
Goodwill								
Balance as of December 31, 2015	$	510,484	$	1,294,264	$	-	$	1,804,748
Purchase price allocation adjustment during the measurement period		-		(19,879)		-		(19,879)
Additions - business acquisitions				450				450
Foreign currency translation adjustment		-		21,401		-		21,401
Balance as of September 30, 2016	$	510,484	$	1,296,236	$	-	$	1,806,720

Intangible assets consisted of the following:

(in thousands) **Intangible assets**		As of September 30, 2016 Gross		Accumulated Amortization		Net
Acquired network distribution rights	$	751,148	$	(226,716)	$	524,432
Customer and advertiser lists		224,472		(95,288)		129,184
Copyrights and other tradenames		392,456		(58,514)		333,942
Broadcast licenses		125,124		(7,061)		118,063
Acquired rights and other		119,878		(34,503)		85,375
Total	$	1,613,078	$	(422,082)	$	1,190,996

(in thousands) **Intangible assets**		As of December 31, 2015 Gross		Accumulated Amortization		Net
Acquired network distribution rights	$	744,962	$	(195,678)	$	549,284
Customer and advertiser lists		223,726		(81,892)		141,834
Copyrights and other tradenames		390,111		(30,875)		359,236
Broadcast licenses		124,030		(2,524)		121,506
Acquired rights and other		120,267		(29,463)		90,804
Total	$	1,603,096	$	(340,432)	$	1,262,664

Amortization expense associated with intangible assets for each of the next five years is expected to be as follows:

(in thousands)		Estimated Amortization *
Remainder of 2016	$	21,751
2017	$	102,359
2018	$	100,849
2019	$	99,340
2020	$	88,883
Thereafter	$	777,814

* The functional currency of certain foreign subsidiaries differs from the USD, so these amounts are subject to change as exchange rates fluctuate.

9. Accrued Liabilities

The following table outlines the details within other accrued liabilities:

	As of			
(in thousands)		September 30, 2016		December 31, 2015
Rent	$	19,061	$	21,736
Advertising rebates		12,759		20,808
Marketing and advertising		16,905		11,437
Interest		38,838		8,400
Income taxes payable		2,621		2,029
Other accrued expenses		70,961		95,559
Total accrued liabilities	$	161,145	$	159,969

10. Debt

Debt consisted of the following:

(in thousands)	Maturity	As of September 30, 2016 Gross	Debt Issuance Costs	Net Carrying Amount
Amended Revolving Credit Facility	2019 - 2020	$ -	$ -	$ -
Term Loan	2017	250,000	(103)	249,897
2.70% Senior Notes	2016	499,980	(130)	499,850
2.75% Senior Notes	2019	498,891	(2,312)	496,579
TVN 7.38% Senior Notes	2020	356,654	-	356,654
2.80% Senior Notes	2020	598,500	(3,626)	594,874
3.50% Senior Notes	2022	398,996	(3,112)	395,884
3.90% Senior Notes	2024	497,018	(3,233)	493,785
3.95% Senior Notes	2025	499,177	(3,982)	495,195
Total debt		3,599,216	(16,498)	3,582,718
Current portion of debt		(749,980)	233	(749,747)
Debt (less current portion)		$ 2,849,236	$ (16,265)	$ 2,832,971
Fair value of debt *				$ 3,705,571

(in thousands)	Maturity	As of December 31, 2015 Gross	Debt Issuance Costs	Net Carrying Amount
Amended Revolving Credit Facility	2019 - 2020	$ 390,000	$ (830)	$ 389,170
Term Loan	2017	250,000	(871)	249,129
2.70% Senior Notes	2016	499,888	(714)	499,174
2.75% Senior Notes	2019	498,625	(2,875)	495,750
TVN 7.38% Senior Notes	2020	399,986	-	399,986
2.80% Senior Notes	2020	598,193	(4,397)	593,796
3.50% Senior Notes	2022	398,864	(3,555)	395,309
3.90% Senior Notes	2024	496,743	(3,533)	493,210
3.95% Senior Notes	2025	499,106	(4,358)	494,748
Total debt		4,031,405	(21,133)	4,010,272
Current portion of debt		(499,888)	714	(499,174)
Debt (less current portion)		$ 3,531,517	$ (20,419)	$ 3,511,098
Fair value of debt *				$ 3,977,985

*The fair value of the Senior Notes was estimated using level 2 inputs comprised of quoted prices in active markets, market indices and interest rate measurements for debt with similar remaining maturity.

Revolving Credit Facility

In March 2014, we entered into a five-year revolving credit facility (the "Facility") that permitted $650.0 million in aggregate borrowings with an expiration date of March 2019. In May 2015, we entered into the Amended Revolving Credit Facility (the "Amended Revolving Credit Facility") to amend the Facility. The Amended Revolving Credit Facility provides $250.0 million additional revolving loan capacity, which increased permitted borrowings up to an aggregate principal amount of $900.0 million and may be increased to $1,150.0 million at our option. Additionally, the Amended Revolving Credit Facility extended the maturity date of the Facility to March 2020, with the exception of $32.5 million, which remains scheduled to mature in March 2019.

Borrowings under the Amended Revolving Credit Facility incur interest charges based on the Company's credit rating, with drawn amounts incurring interest at LIBOR plus a range of 69 to 130 basis points, and a facility fee ranging from 6 to 20 basis points, also subject to the Company's credit ratings.

The Company had no outstanding borrowings during the quarter or as of September 30, 2016. Outstanding letters of credit totaled $0.8 million under the Amended Revolving Credit Facility at September 30, 2016. There were outstanding borrowings of $389.2 million and outstanding letters of credit of $1.1 million under the Amended Revolving Credit Facility at December 31, 2015.

Term Loan

In June 2015, we entered into a $250.0 million senior unsecured Term Loan (the "Term Loan") agreement. The Term Loan has a maturity date in June 2017, with outstanding borrowings incurring interest at LIBOR plus a range of 62.5 to 137.5 basis points, subject to the Company's credit ratings. The weighted average interest rate on the Term Loan was 1.57% for the three months ended September 30, 2016. The Term Loan is classified within current portion of debt on our condensed consolidated balance sheets.

Senior Notes

Our $500.0 million aggregate principal amount of 2.70% Senior Notes mature in December 2016 (the "2016 Notes"). Interest is paid on the 2016 Notes on June 15 and December 15 of each year. The balance outstanding on the 2016 Notes is classified within current portion of debt on our condensed consolidated balance sheets.

On September 20, 2016, TVN Finance Corporation III AB ("TVN Finance Corp."), an indirect, wholly-owned subsidiary of the Company, executed a third partial pre-payment of the 2020 TVN Notes totaling €45.1 million, comprised of principal of €43.0 million, accrued but unpaid interest of €0.8 million and premium of €1.3 million.

Debt Issuance Costs

Amounts capitalized and included as a reduction against debt on our condensed consolidated balance sheets included $16.3 million, net of current portion, of debt issuance costs as of September 30, 2016 and $20.4 million, net of current portion, as of December 31, 2015. Debt issuance costs related to the Amended Revolving Credit Facility of $1.2 million are included within other non-current assets on our condensed consolidated balance sheets. We amortized $1.6 million and $10.0 million of debt issuance and debt discount costs for the three months ended September 30, 2016 and September 30, 2015, respectively, net within interest expense in our condensed consolidated statements of operations. We amortized $5.2 million and $11.9 million of debt issuance and debt discount costs for the nine months ended September 30, 2016 and September 30, 2015, respectively, within interest expense, net in our condensed consolidated statements of operations.

Debt Covenants

The Amended Revolving Credit Facility, the Term Loan, all of our Senior Notes and the 2020 TVN Notes include certain affirmative and negative covenants, including limitations on the incurrence of additional indebtedness and maintenance of a maximum leverage ratio.

11. Employee Benefit Plans

The Company offers various post-retirement benefits to its employees, including a defined benefit pension plan (the "Pension Plan") and a non-qualified supplemental employee retirement plan (the "SERP"). The SERP, which is unfunded, provides defined pension benefits, in addition to what is provided under the Pension Plan, to eligible executives based on average earnings, years of service and age at retirement.

In 2009, the Pension Plan was amended whereby no additional service benefits will be earned by participants after December 31, 2009. The amount of eligible compensation that is used to calculate a plan participant's pension benefit will continue to include any compensation earned by the employee through December 31, 2019, after which time all plan participants will have a frozen pension benefit.

The components of the Pension Plan and SERP expense consisted of the following:

	Pension Plan		SERP	
	Three months ended September 30,		Three months ended September 30,	
(in thousands)	2016	2015	2016	2015
Interest cost	$ 771	$ 732	$ 380	$ 428
Expected return on plan assets, net of expenses	(980)	(949)	-	-
Amortization of net loss	571	568	617	589
Special termination benefits	-	(70)	-	(218)
Settlement charges	1,249	(730)	820	1,041
Total	$ 1,611	$ (449)	$ 1,817	$ 1,840

	Pension Plan		SERP	
	Nine months ended September 30,		Nine months ended September 30,	
(in thousands)	2016	2015	2016	2015
Interest cost	$ 2,323	$ 2,196	$ 1,246	$ 1,098
Expected return on plan assets, net of expenses	(2,624)	(2,847)	-	-
Amortization of net loss	1,631	1,704	1,649	1,797
Special termination benefits	-	761	-	75
Settlement charges	1,249	1,228	820	1,041
Total	$ 2,579	$ 3,042	$ 3,715	$ 4,011

In the fourth quarter of 2014, we announced the Restructuring Plan, providing each affected employee the benefit of an additional three years of credited service related to the applicable Pension Plan and SERP for which they qualify (see Note 5 – *Employee Termination Programs*). The special termination benefits charge represents the cost of providing these additional benefits to the employees retiring under the terms of the Restructuring Plan.

We did not make any contributions to fund the Pension Plan during the three months ended September 30, 2016 or September 30, 2015. We made a contribution of $10.0 million to fund the Pension Plan during the nine months ended September 30, 2016 and did not make any contributions during the nine months ended September 30, 2015.

We made $2.9 million and $1.7 million in SERP benefit payments for the three months ended September 30, 2016 and September 30, 2015, respectively, and $4.6 million and $2.5 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. We anticipate an additional $1.0 million in SERP benefit payments during the remainder of 2016.

Executive Deferred Compensation Plan

We have an unqualified executive deferred compensation plan ("Deferred Compensation Plan") that is available to certain management level employees and directors of the Company. Under the Deferred Compensation 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 use corporate-owned life insurance contracts held in a rabbi trust to support the plan. We had investments within this rabbi trust valued at $45.0 million, including $28.2 million of cash surrender value of Company-owned life insurance contracts and $16.8 million held in mutual funds, at September 30, 2016. We had investments within this rabbi trust valued at $42.8 million, including $27.0 million of cash surrender value of Company-owned life insurance contracts and $15.8 million held in mutual funds, at December 31, 2015. These mutual funds are valued using Level 1 and Level 2 inputs. These instruments are included within other non-current assets on our condensed consolidated balance sheets. Gains or losses related to these insurance contracts are included within miscellaneous, net in our condensed consolidated statements of operations. The unsecured obligation to pay the deferred compensation, including deferred directors' fees, adjusted to reflect the positive or negative performance of investment measurement options selected by each participant, totaled $3.9 million and $3.6 million at September 30, 2016 and December 31, 2015, respectively, and is included within employee compensation and benefits on our condensed consolidated balance sheets, as well as $47.7 million and $42.0 million at September 30, 2016 and December 31, 2015, respectively, which is included within other non-current liabilities on our condensed consolidated balance sheets.

12. Other Non-Current Liabilities

The following table outlines the details within other liabilities:

(in thousands)	As of September 30, 2016	As of December 31, 2015
Pension and post-employment benefits	$ 72,795	$ 73,683
Deferred compensation	47,724	41,992
Uncertain tax positions	135,217	101,908
Other	24,024	32,808
Other non-current liabilities	$ 279,760	$ 250,391

13. Derivative Financial Instruments

In order to minimize earnings and cash flow volatility resulting from currency exchange rate changes, on occasion we enter into derivative instruments, principally forward and option 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. We do not enter into currency exchange rate derivative instruments for speculative purposes.

The free-standing 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. Changes in the value of these contracts are recognized in earnings, thereby offsetting the current earnings effect of the related change in functional currency value of foreign currency denominated assets and liabilities. The gross notional amount of these contracts outstanding was zero and $118.6 million at September 30, 2016 and December 31, 2015, respectively. The cash flow settlements from these derivative contracts are primarily reported within investing activities in the condensed consolidated statements of cash flows.

We recognized $2.8 million and $4.1 million of net gains from these forward contracts for the three months ended September 30, 2016 and September 30, 2015, respectively, and $13.8 million and $47.2 million of net gains from these forward contracts for the nine months ended September 30, 2016 and September 30, 2015, respectively, included within gain on derivatives in the condensed consolidated statements of operations. Additionally, we have foreign exchange transaction gains of $19.3 million and $17.0 million for the three months ended September 30, 2016 and September 30, 2015, respectively, and foreign exchange transaction gains of $4.9 million and losses of $35.3 million for the nine months ended September 30, 2016 and September 30, 2015, respectively, which are included within miscellaneous, net in our condensed consolidated statements of operations.

14. Redeemable Non-controlling Interests and Non-controlling Interest

Redeemable Non-controlling Interests

A non-controlling owner previously held a 35.0 percent residual interest in the Travel Channel. The owner of the non-controlling interest had a put option requiring us to purchase their interest, and we had a call option to acquire their interest. We exercised our call option and executed a contract on February 25, 2016, for an agreed upon price of $99.0 million. We now own 100.0 percent of Travel Channel.

In September 2016 we reached an agreement with the owner of the non-controlling interest in Food Network Latin America (“FNLA”) to purchase their interest in the entity for $4.5 million. This transaction is expected to be completed in the fourth quarter of 2016.

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

	As of	
(in thousands)	**September 30, 2016**	**December 31, 2015**
Redeemable non-controlling interests beginning period balance	$ 99,000	$ 96,251
Net income (loss)	1,565	(2,760)
Fair value adjustments	2,935	17,794
Dividends paid to non-controlling interests	-	(12,985)
Additions to non-controlling interests	-	700
Purchase of non-controlling interest	(99,000)	-
Redeemable non-controlling interests ending period balance	$ 4,500	$ 99,000

The net income amounts reflected in the table above are reported within net income attributable to non-controlling interests in our condensed consolidated statements of operations.

Non-controlling Interest

The Food Network and Cooking Channel are operated and organized under the terms of a general partnership (the "Partnership"). The Company and a non-controlling owner hold interests in the Partnership. During the fourth quarter of 2016, the Partnership agreement was extended and specifies a dissolution date of December 31, 2020. If the term of the Partnership is not extended prior to that date, the Partnership agreement permits the Company, as holder of 80.0 percent of the applicable votes, to reconstitute the Partnership and continue its business. If for some reason the Partnership is not continued, 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.

15. Shareholders' Equity

Capital Stock

SNI's capital structure includes Common Voting Shares and Class A Common Shares. Our Amended and Restated Articles of Incorporation provide that the holders of Class A Common Shares, who are not entitled to vote on any other matters except as required by Ohio law, are entitled to elect the greater of three or one-third of the directors. The Common Voting Shares and Class A Common Shares have equal dividend distribution rights.

Incentive Plans

The Scripps Networks Interactive, Inc. 2015 Long-Term Incentive Plan (the "2015 LTI Plan") provides for long-term equity incentive compensation for key employees and members of the Company's Board of Directors (the "Board"). The 2015 LTI Plan authorizes the grant of equity-based compensation to non-employee directors, officers and other key employees in the form of incentive or non-qualified stock options, stock appreciation rights, restricted shares, restricted stock units ("RSUs"), performance shares, performance-based restricted stock units ("PBRSUs") and other share-based awards and dividend equivalents. The Company has reserved 8.0 million Class A Common Shares for issuance under the 2015 LTI Plan.

The 2015 LTI Plan will remain in effect until February 2025, unless terminated sooner by the Board. Termination will not affect outstanding grants and awards. The 2015 LTI Plan replaced the Scripps Networks Interactive, Inc. 2008 Long-Term Incentive Plan (the "Prior LTI Plan"), and no further awards will be made under the Prior LTI Plan; however, awards granted under the Prior LTI Plan remain outstanding in accordance with their terms.

We satisfy stock option exercises and vested stock awards with newly-issued shares. Shares available for future share compensation grants totaled 6.7 million at September 30, 2016.

During the nine months ended September 30, 2016, the Company granted 0.6 million stock options and 0.6 million RSUs, including PBRSUs under the 2015 LTI Plan. During the nine months ended September 30, 2015, the Company granted 0.4 million stock options and 0.3 million RSUs, including PBRSUs. The number of shares ultimately issued for PBRSUs will depend upon performance compared to specified metrics. The fair values for stock options are estimated on the grant date using a lattice-based binomial model. Assumptions utilized in the model are evaluated and revised, as necessary, to reflect market conditions and experience.

Share-based compensation was as follows:

(in thousands)	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Stock options	$ 486	$ 493	$ 6,820	$ 6,939
RSUs and PBRSUs	4,188	4,690	22,532	22,638
Total share-based compensation	$ 4,674	$ 5,183	$ 29,352	$ 29,577

Unrecognized share-based compensation expense was as follows as of September 30, 2016:

(in thousands)	Amount	Weighted-Average Period
Stock options	$ 2,307	2.5 years
RSUs and PBRSUs	29,720	2.2 years
Total unrecognized share-based compensation	$ 32,027	

Share Repurchase Programs

We have share repurchase programs ("Repurchase Programs") authorized by the Board that permit us to acquire the Company's Class A Common Shares. We did not repurchase any shares during the three months ended September 30, 2016 and September 30, 2015, respectively, and we did not repurchase any shares for the nine months ended September 30, 2016. During the nine months ended September 30, 2015, we repurchased 4.0 million shares for approximately $288.5 million, including 3.0 million shares repurchased for approximately $216.8 million from Scripps family members.

As of September 30, 2016, $1,512.5 million in authorization remains available for repurchase under the Repurchase Programs. All shares repurchased under the Repurchase Programs are retired and returned to authorized and unissued shares. There is no expiration date for the Repurchase Programs, and we are under no commitment or obligation to repurchase any particular amount of Class A Common Shares under the Repurchase Programs.

16. Comprehensive Income

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

	Three months ended September 30, 2016			Three months ended September 30, 2015		
(in thousands)	Foreign Currency Translation	Pension Plan and SERP Liability	Total Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation	Pension Plan and SERP Liability	Total Accumulated Other Comprehensive Income (Loss)
Beginning period balance	$ (179,672)	$ (30,662)	$ (210,334)	$ (22,247)	$ (31,377)	$ (53,624)
Other comprehensive income (loss) before reclassifications	31,005	—	31,005	(9,858)	—	(9,858)
Amounts reclassified from AOCI	—	756	756	—	750	750
Net current-period other comprehensive income (loss)	31,005	756	31,761	(9,858)	750	(9,108)
Ending period balance	$ (148,667)	$ (29,906)	$ (178,573)	$ (32,105)	$ (30,627)	$ (62,732)

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
(in thousands)	Foreign Currency Translation	Pension Plan and SERP Liability	Total Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation	Pension Plan and SERP Liability	Total Accumulated Other Comprehensive Income (Loss)
Beginning period balance	$ (98,239)	$ (31,994)	$ (130,233)	$ (25,122)	$ (32,769)	$ (57,891)
Other comprehensive income (loss) before reclassifications	(50,428)	—	(50,428)	(6,983)	—	(6,983)
Amounts reclassified from AOCI	—	2,088	2,088	—	2,142	2,142
Net current-period other comprehensive income (loss)	(50,428)	2,088	(48,340)	(6,983)	2,142	(4,841)
Ending period balance	$ (148,667)	$ (29,906)	$ (178,573)	$ (32,105)	$ (30,627)	$ (62,732)

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

Amounts reclassified to net earnings for Pension Plan and SERP liability adjustments relate to the amortization of actuarial losses. These amounts are included within selling, general and administrative in our condensed consolidated statements of operations and totaled $1.2 million and $1.1 million for the three months ended September 30, 2016 and September 30, 2015, respectively, and $3.2 million and $3.5 million for the nine months ended September 30, 2016 and September 30, 2015, respectively (see Note 11 - *Employee Benefit Plans*).

17. Segment Information

The Company’s operating segments are determined based upon our management and internal reporting structure.

The Company has two reportable segments: U.S. Networks and International Networks.

U.S. Networks includes our six domestic television networks: HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel and Great American Country. Additionally, U.S. Networks includes websites associated with the aforementioned television brands and other internet and mobile businesses serving home, food, travel and other lifestyle-related categories. U.S. Networks also includes our digital content studio, Scripps Networks Lifestyle Studio. The Food Network and Cooking Channel are included in the Partnership, of which we own 68.7 percent. Each of our networks is distributed by cable and satellite distributors, telecommunication service providers and certain non-linear providers, such as those providing streaming or on-demand services. U.S. Networks earns revenue primarily from the sale of advertising time and from distribution fees paid by distributors of our content. U.S. Networks also earns revenue from licensing of content to third parties and of brands for consumer products, such as videos, books, kitchenware and tools.

International Networks includes the TVN lifestyle-oriented networks as well as those available in the UK, EMEA, APAC and Latin America. International Networks also includes our 50.0 percent share of the results of UKTV, a general entertainment and lifestyle channel platform in the UK.

Corporate and Other includes the results of businesses not separately identified as reportable segments for external financial reporting purposes and will continue to be disclosed separately from the results of U.S. Networks and International Networks. The Company generally does not allocate employee-related corporate overhead costs to its reportable segments, but rather classifies these expenses within Corporate and Other.

Intersegment revenue eliminations are included in Corporate and Other and totaled $6.4 million and $3.5 million for the three months ended September 30, 2016 and September 30, 2015, respectively, and $19.5 million and $13.3 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Our Chief Operating Decision Maker (“CODM”), whom we have identified as our Chief Executive Officer, evaluates the operating performance of our businesses and makes decisions about the allocation of resources to the businesses using a measure we refer to as segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, investment results and certain other items included in net income determined in accordance with GAAP.

Information regarding our segments is as follows:

(in thousands)	Three months ended September 30, 2016 U.S. Networks	International Networks	Corporate and Other	Consolidated
Operating revenues:				
Advertising	$ 477,501	$ 78,924	$ —	$ 556,425
Distribution	194,276	27,421	5	221,702
Other	14,486	16,902	(6,430)	24,958
Total operating revenues	686,263	123,247	(6,425)	803,085
Cost of services, excluding depreciation and amortization	223,836	79,303	(4,932)	298,207
Selling, general and administrative	136,418	40,115	24,287	200,820
Segment Profit	326,009	3,829	(25,780)	304,058
Depreciation	16,894	3,090	257	20,241
Amortization	10,098	15,673	—	25,771
Loss (gain) on disposal of property and equipment	209	(80)	—	129
Total operating income (loss)	$ 298,808	$ (14,854)	$ (26,037)	$ 257,917
Equity in earnings of affiliates	$ 4,202	$ 4,271	$ —	$ 8,473
Additions to property and equipment:	$ 16,777	$ 6,835	$ —	$ 23,612

(in thousands)	Three months ended September 30, 2015 U.S. Networks	International Networks	Corporate and Other	Consolidated
Operating revenues:				
Advertising	$ 447,788	$ 80,067	$ —	$ 527,855
Distribution	199,228	25,713	—	224,941
Other	13,846	12,939	(3,459)	23,326
Total operating revenues	660,862	118,719	(3,459)	776,122
Cost of services, excluding depreciation and amortization	197,416	75,529	(2,795)	270,150
Selling, general and administrative	133,165	32,294	28,186	193,645
Segment Profit	330,281	10,896	(28,850)	312,327
Depreciation	13,417	4,011	931	18,359
Amortization	10,098	12,834	—	22,932
Loss (gain) on disposal of property and equipment	28	13	(1)	40
Total operating income (loss)	$ 306,738	$ (5,962)	$ (29,780)	$ 270,996
Equity in earnings of affiliates	$ 10,862	$ 12,530	$ —	$ 23,392
Additions to property and equipment:	$ 9,522	$ 3,735	$ 356	$ 13,613

(in thousands)	U.S. Networks	International Networks	Corporate and Other	Consolidated
	Nine months ended September 30, 2016			
Operating revenues:				
Advertising	$ 1,505,765	$ 269,163	$ —	$ 1,774,928
Distribution	592,445	80,771	—	673,216
Other	42,569	41,695	(19,674)	64,590
Total operating revenues	2,140,779	391,629	(19,674)	2,512,734
Cost of services, excluding depreciation and amortization	638,235	241,027	(14,389)	864,873
Selling, general and administrative	415,899	99,615	75,260	590,774
Segment Profit	1,086,645	50,987	(80,545)	1,057,087
Depreciation	43,763	9,329	777	53,869
Amortization	30,141	52,346	—	82,487
Loss (gain) on disposal of property and equipment	251	(364)	—	(113)
Total operating income (loss)	$ 1,012,490	$ (10,324)	$ (81,322)	$ 920,844
Equity in earnings of affiliates	$ 20,948	$ 34,915	$ —	$ 55,863
Additions to property and equipment:	$ 34,015	$ 13,894	$ —	$ 47,909

(in thousands)	U.S. Networks	International Networks	Corporate and Other	Consolidated
	Nine months ended September 30, 2015			
Operating revenues:				
Advertising	$ 1,373,218	$ 92,796	$ —	$ 1,466,014
Distribution	600,499	48,667	—	649,166
Other	41,149	23,409	(13,264)	51,294
Total operating revenues	2,014,866	164,872	(13,264)	2,166,474
Cost of services, excluding depreciation and amortization	560,705	111,618	(7,939)	664,384
Selling, general and administrative	426,044	58,732	89,554	574,330
Segment Profit	1,028,117	(5,478)	(94,879)	927,760
Depreciation	40,977	6,089	2,986	50,052
Amortization	30,059	16,208	—	46,267
Loss (gain) on disposal of property and equipment	3,609	22	(1,031)	2,600
Total operating income (loss)	$ 953,472	$ (27,797)	$ (96,834)	$ 828,841
Equity in earnings of affiliates	$ 35,369	$ 34,258	$ —	$ 69,627
Additions to property and equipment:	$ 25,773	$ 4,511	$ 1,807	$ 32,091

(in thousands)	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Operating revenues by geographic location:				
United States	$ 690,775	$ 667,016	$ 2,148,090	$ 2,026,902
Poland	94,945	92,744	312,798	$ 92,744
Other International	17,365	16,362	51,846	46,828
Total operating revenues	$ 803,085	$ 776,122	$ 2,512,734	$ 2,166,474

	As of September 30, 2016	December 31, 2015
Assets:		
U.S. Networks	$ 2,838,264	$ 2,937,428
International Networks	3,161,467	3,276,989
Corporate and Other	648,043	457,897
Total assets	$ 6,647,774	$ 6,672,314
Long-lived assets by geographic location:		
United States	$ 1,851,712	$ 1,903,918
Poland	2,385,232	2,406,842
Other International	462,052	541,719
Total long-lived assets	$ 4,698,996	$ 4,852,479

No single customer provides more than 10.0 percent of our revenues.

Assets held by our businesses and physically located outside of the United States totaled $3,093.4 million and $3,238.2 million at September 30, 2016 and December 31, 2015, respectively.

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. This discussion and analysis should be read 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, and include, without limitation, statements relating to future cash flow from operating activities, the payment of future dividends and the anticipated timing of the completion of the Reorganization as well as statements expressing general views about our future operating results from the expectations expressed in the forward-looking statements. Such risks, trends and uncertainties, which in most instances are beyond our control, include, without limitation, changes in advertising demand and other economic conditions; consumers' tastes; program costs; labor relations; technological developments; risks related to the integration of TVN and international operations; competitive pressures; interest rates; regulatory rulings; reliance on third-party vendors for various products and services; and other risk factors described in our annual report on Form 10-K for the year ended December 31, 2015 (the "2015 Form 10-K") and other filings with the Securities and Exchange Commission. 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 as of which the statement is made.

OVERVIEW

We are a global media company with respected high-profile brands and are a leading developer of lifestyle-oriented content providing primarily home, food and travel-related programming via multiple methods of distribution including television, the internet, digital platforms and licensing arrangements. The SNI portfolio of networks includes HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel and Great American Country within and outside the United States, and Fine Living, AFC and TVN's portfolio of networks outside the United States. Our businesses engage audiences and efficiently serve advertisers by delivering entertaining and highly-useful content that focuses on specifically-defined topics of interest.

We seek to engage audiences that are highly-desirable to advertisers by producing entertaining and informative lifestyle content. We intend to expand and enhance our lifestyle brands by: creating popular new programming and content; extending distribution on various platforms, such as over-the-top services, mobile devices, on-demand services and online streaming; licensing of content to third parties and of brands for consumer products; and increasing our international footprint. We have a large library of content which we produced and own the rights to indefinitely, enabling us to exploit original content quickly and/or repackage content in an expedited and cost effective manner.

The Company has two reportable segments: U.S. Networks and International Networks.

The Company's focus is on strengthening our linear networks and expanding reach, including in both digital and international. As part of our effort to expand in the digital market, we launched Scripps Networks Lifestyle Studio in the fourth quarter of 2015, which is included in U.S. Networks.

The growth of our international business, through acquisition and joint ventures as well as organically, has been, and continues to be, a strategic priority for the Company. In the second quarter of 2016, we launched HGTV as a free-to-air channel in New Zealand as a first of its kind offering in the region. During 2015, we completed the acquisition of TVN S.A., a Polish media company, which operates a portfolio of 13 free-to-air and pay-TV lifestyle and entertainment networks; launched Travel Channel as a 24/7 free-to-air channel in the UK; expanded distribution of Food Network across Latin America and HGTV in Asia-Pacific; launched Food Network in Australia in partnership with Special Broadcasting Service ("SBS"); and secured a large volume output deal with Nine in Australia to launch Food Network and HGTV-branded blocks on newly-launched 9LIFE, Australia's first free-to-air lifestyle network.

Consolidated operating revenues increased $27.0 million, or 3.5 percent, while consolidated operating income decreased $13.1 million, or 4.8 percent, for the three months ended September 30, 2016 compared with the same period in 2015, driven by programming related expenses. Consolidated income from operations before income taxes increased $19.4 million, or 8.2 percent, for the three months ended September 30, 2016 compared with the same period in 2015, primarily driven by $19.3 million of foreign currency transaction gains in 2016 compared with $17.0 million of foreign currency transaction losses in the same period in 2015 and a reduction in interest expense as a result of less debt outstanding in 2016.

Consolidated operating revenues increased $346.3 million, or 16.0 percent, and consolidated operating income increased $92.0 million, or 11.1 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, both driven primarily by the inclusion of TVN for the full nine month period in 2016 compared with only three months in 2015. Consolidated income from operations before income taxes increased $246.3 million, or 29.2 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, primarily driven by a $208.2 million gain recognized on the sale of our 7.3 percent equity interest in Fox Sports South in the first quarter of 2016, partially offset by a $16.4 million loss recognized on the sale of a cost investment in the second quarter of 2016. This $191.8 net increase was further offset by a reduction of $33.3 million in gain on derivatives for the nine months ended September 30, 2016, primarily as a result of exercising our call option on €584.0 million to fund the Acquisition last year and incremental debt service costs this year associated with the Financing obtained in the second quarter of 2015 for the Transactions, as well as the assumed debt of TVN.

Although the international business experienced growth, primarily through the acquisition of TVN as noted above, U.S. Networks continues to account for the majority of the Company's performance. U.S. Networks generated operating revenues of $686.3 million, representing 85.5 percent of consolidated operating revenues, for the three months ended September 30, 2016 compared with $660.9 million, representing 85.1 percent of consolidated operating revenues, for the three months ended September 30, 2015. U.S. Networks generated operating revenues of $2,140.8 million, representing 85.2 percent of consolidated operating revenues, for the nine months ended September 30, 2016 compared with $2,014.9 million, representing 93.0 percent of consolidated operating revenues, for the nine months ended September 30, 2015. The reduced contribution of U.S. Networks' operating revenues as a percentage of consolidated operating revenues for the nine months ended September 30, 2016 compared with the same period in 2015 was primarily driven by the acquisition of TVN in the third quarter of 2015.

International Networks generated operating revenues of $123.2 million, representing 15.3 percent of consolidated operating revenues, for the three months ended September 30, 2016 compared with $118.7 million, representing 15.3 percent of consolidated operating revenues, for the three months ended September 30, 2015. International Networks generated operating revenues of $391.6 million, representing 15.6 percent of consolidated operating revenues, for the nine months ended September 30, 2016 compared with $164.9 million, representing 7.6 percent of consolidated operating revenues, for the nine months ended September 30, 2015. The year-over-year increase of International Networks' operating revenues as a percentage of consolidated operating revenues for the nine months ended September 30, 2016 compared with the same period in 2015 was primarily driven by the acquisition of TVN in the third quarter of 2015.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with 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 the 2015 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, acquisitions, goodwill, finite-lived intangible assets, income taxes and revenue recognition 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 2015 Form 10-K. We adopted one accounting standard during the nine months ended September 30, 2016 related to the accounting for share-based compensation (see Note 2 – *Accounting Standards Updates*).

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 lifestyle-oriented programming that resonates with viewers across a variety of demographic groups by developing relatable content through strong brands that engage audiences.

Consolidated Results of Operations

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

	Three months ended September 30,			
(in thousands)	**2016**	**2015**	**$ Change**	**% Change**
Operating revenues:				
Advertising	$ 556,425	$ 527,855	$ 28,570	5.4%
Distribution	221,702	224,941	(3,239)	(1.4)%
Other	24,958	23,326	1,632	7.0%
Total operating revenues	803,085	776,122	26,963	3.5%
Operating expenses:				
Cost of services, excluding depreciation and amortization	298,207	270,150	28,057	10.4%
Selling, general and administrative	200,820	193,645	7,175	3.7%
Depreciation	20,241	18,359	1,882	10.3%
Amortization	25,771	22,932	2,839	12.4%
Loss on disposal of property and equipment	129	40	89	222.5%
Total operating expenses	545,168	505,126	40,042	7.9%
Operating income	257,917	270,996	(13,079)	(4.8)%
Interest expense, net	(32,609)	(50,439)	(17,830)	(35.3)%
Equity in earnings of affiliates	8,473	23,392	(14,919)	(63.8)%
Gain on derivatives	2,827	4,037	(1,210)	(30.0)%
Gain on sale of investment	-	-	-	NM
Miscellaneous, net	21,276	(9,543)	30,819	322.9%
Income from operations before income taxes	257,884	238,443	19,441	8.2%
Provision for income taxes	76,043	75,110	933	1.2%
Net income	181,841	163,333	18,508	11.3%
Less: net income attributable to non-controlling interests	(35,844)	(38,774)	(2,930)	(7.6)%
Net income attributable to SNI	$ 145,997	$ 124,559	$ 21,438	17.2%

NM designates the change is not meaningful

Consolidated operating revenues increased $27.0 million, or 3.5 percent, for the three months ended September 30, 2016 compared with the same period in 2015, with growth in advertising revenues, partially offset by a slight decline in distribution revenues.

Advertising revenues increased $28.6 million, or 5.4 percent, for the three months ended September 30, 2016 compared with the respective period in 2015, driven by strong pricing and improved ratings at U.S. Networks during the quarter. Advertising revenues are affected by the strength of advertising markets and general economic conditions and fluctuate based on the success of our programming, as measured by viewership, and seasonality. The amount of advertising revenue we earn is a function of pricing negotiated with advertisers, number of advertising spots sold and audience impressions delivered.

Distribution revenues decreased $3.2 million, or 1.4 percent, for the three months ended September 30, 2016 compared with the respective period in 2015, driven by a rate equalization resulting from the consolidation of certain distributor agreements, partially offset by negotiated contractual rate increases and revenues generated from new over-the-top and non-linear entrants, such as those providing streaming or on-demand services. Distribution agreements with cable and satellite distributors and telecommunication service providers require distributors to pay us 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.

Cost of services, which consists of program amortization and the costs associated with distributing our content, increased $28.1 million, or 10.4 percent, for the three months ended September 30, 2016 compared with the same period in 2015, primarily driven by additional investments in programming. Program amortization, which represents the largest expense and is the primary driver of fluctuations in cost of services, increased $27.6 million, or 13.5 percent, for the three months ended September 30, 2016 compared with the respective period in 2015, reflecting our continued investment in the improved quality and variety of programming on our networks. Cost of services also included $1.0 million of Reorganization costs incurred during the three months ended September 30, 2016.

Selling, general and administrative, which primarily consists of employee costs, marketing and advertising expenses, administrative costs and costs of facilities, increased $7.2 million, or 3.7 percent, for the three months ended September 30, 2016 compared with the same period in 2015. The year-over-year increase was driven by $12.0 million of TVN transaction and integration related expenses and $0.5 million of Reorganization costs incurred during the three months ended September 30, 2016, partially offset by $8.4 million of TVN and transaction and integration related expenses, $2.6 million of costs related to the Restructuring Plan and $0.8 million of Reorganization costs incurred during the three months ended September 30, 2015.

Amortization of intangible assets, which reflects the expense associated with intangible assets primarily identified through business acquisitions, increased $2.8 million, or 12.4 percent, for the three months ended September 30, 2016 compared with the same period in the prior year, primarily driven by the Acquisition.

Interest expense, net primarily reflects the interest incurred on our outstanding borrowings. Interest expense, net decreased $17.8 million, or 35.3 percent, for the three months ended September 30, 2016 compared with the same period in the prior year, driven by less debt outstanding at the end of the third quarter of 2016.

We increased our borrowing activity in the second quarter of 2015 to generate funds necessary to complete the Transactions. The additional activity resulted in the following debt as of September 30, 2016, including $1,500.0 million of Senior Notes issued in June 2015, comprised of the 2020 Notes, the 2022 Notes and the 2025 Notes, as well as the $250.0 million Term Loan. Also outstanding as of September 30, 2016 were the 2016 Notes, the 2019 Notes and the 2024 Notes. We also assumed debt as part of the Acquisition, including the 2020 TVN Notes for which a portion was repaid in 2015 and 2016, with the remainder outstanding (See Note 10 – *Debt*). Interest expense, net also includes interest income of $1.2 million and $1.3 million related to the UKTV note for the three months ended September 30, 2016 and 2015, respectively.

Equity in earnings of affiliates, which represents the proportionate share of net income or loss from each of our equity method investments, decreased $14.9 million, or 63.8 percent, for the three months ended September 30, 2016 compared with the same period in the prior year, primarily driven by the sale of our 7.3 percent equity interest in Fox Sports South in the first quarter of 2016. Included in equity in earnings of affiliates, representing a significant component of the balance, is our 50.0 percent proportionate share of results from UKTV. Amortization expense attributed to intangible assets recognized upon acquiring our interest in UKTV reduces the equity in earnings we recognize from our UKTV investment. Accordingly, equity in earnings of affiliates includes our $5.8 million and $11.3 million proportionate share of UKTV's results for the three months ended September 30, 2016 and September 30, 2015, respectively, which were reduced by amortization of $3.2 million and $4.3 million for the three months ended September 30, 2016 and September 30, 2015, respectively.

Miscellaneous, net represented a $21.3 million addition to operating income during the three months ended September 30, 2016 compared with a $9.5 million loss in the same period in the prior year, primarily driven by $19.3 million of foreign currency transaction gains for the three months ended September 30, 2016 compared with $17.0 million of foreign currency transaction losses in the same period in 2015.

Our effective income tax rate was 29.5 percent for the third quarter of 2016 compared with 31.5 percent for the same period in 2015. The favorable variance in the year-over-year tax rate was primarily driven by an increase in the tax benefits resulting from differences in the U.S. statutory rate and that of foreign jurisdictions, partially offset by an overall decrease in the tax benefits associated with equity earnings recognized for the three months ended September 30, 2016.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

	Nine months ended September 30,			
(in thousands)	**2016**	**2015**	**$ Change**	**% Change**
Operating revenues:				
Advertising	$ 1,774,928	$ 1,466,014	$ 308,914	21.1%
Distribution	673,216	649,166	24,050	3.7%
Other	64,590	51,294	13,296	25.9%
Total operating revenues	2,512,734	2,166,474	346,260	16.0%
Operating expenses:				
Cost of services, excluding depreciation and amortization	864,873	664,384	200,489	30.2%
Selling, general and administrative	590,774	574,330	16,444	2.9%
Depreciation	53,869	50,052	3,817	7.6%
Amortization	82,487	46,267	36,220	78.3%
(Gain) loss on disposal of property and equipment	(113)	2,600	(2,713)	(104.3)%
Total operating expenses	1,591,890	1,337,633	254,257	19.0%
Operating income	920,844	828,841	92,003	11.1%
Interest expense, net	(99,529)	(80,182)	19,347	24.1%
Equity in earnings of affiliates	55,863	69,627	(13,764)	(19.8)%
Gain on derivatives	13,860	47,168	(33,308)	(70.6)%
Gain on sale of investment	191,824	-	191,824	NM
Miscellaneous, net	5,670	(23,198)	28,868	124.4%
Income from operations before income taxes	1,088,532	842,256	246,276	29.2%
Provision for income taxes	333,393	266,685	66,708	25.0%
Net income	755,139	575,571	179,568	31.2%
Less: net income attributable to non-controlling interests	(133,637)	(133,451)	186	0.1%
Net income attributable to SNI	$ 621,502	$ 442,120	$ 179,382	40.6%

Consolidated operating revenues increased $346.3 million, or 16.0 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, with growth in both advertising and distribution revenues.

Advertising revenues increased $308.9 million, or 21.1 percent, for the nine months ended September 30, 2016 compared with the respective period in 2015, driven by the inclusion of TVN for the full nine month period in 2016, strong pricing and improved ratings at U.S. Networks during the quarter.

Distribution revenues increased $24.1 million, or 3.7 percent, for the nine months ended September 30, 2016 compared with the respective period in 2015, driven by the inclusion of TVN for the full nine month period in 2016, negotiated contractual rate increases and revenues generated from new over-the-top and non-linear entrants, such as those providing streaming or on-demand services, partially offset by a rate equalization resulting from the consolidation of certain distributor agreements.

Cost of services increased $200.5 million, or 30.2 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, primarily driven by the inclusion of TVN for the full nine month period in 2016 and additional investments in programming. Program amortization, which represents the largest expense and is the primary driver of fluctuations in cost of services, increased $147.0 million, or 27.9 percent, for the nine months ended September 30, 2016 compared with the respective period in 2015, reflecting our continued investment in the improved quality and variety of programming on our networks as well as the inclusion of TVN. Cost of services also included $4.0 million of Reorganization costs incurred during the nine months ended September 30, 2016 and $2.6 million of costs related to the Restructuring Plan incurred during the nine months ended September 30, 2015.

Selling, general and administrative increased $16.4 million, or 2.9 percent, for the nine months ended September 30, 2016 compared with the same period in 2015. The year-over-year increase was driven by the inclusion of TVN for the full nine month period in 2016, $14.1 million of TVN transaction and integration related expenses and $8.7 million of Reorganization costs incurred during the nine months ending September 30, 2016, partially offset by $22.8 million of TVN transaction and integration related expenses, $10.5 million of costs related to the Restructuring Plan and $0.8 million of Reorganization costs incurred during the nine months ended September 30, 2015.

Amortization of intangible assets increased $36.2 million, or 78.3 percent, for the nine months ended September 30, 2016 compared with the same period in the prior year, primarily driven by the Acquisition.

Interest expense, net increased $19.3 million, or 24.1 percent, for the nine months ended September 30, 2016 compared with the same period in the prior year, reflecting additional outstanding borrowings associated with the Financing obtained in the second quarter of 2015 for the Transactions as well as the assumed debt of TVN.

We increased our borrowing activity in the second quarter of 2015 to generate funds necessary to complete the Transactions. The additional activity resulted in the following debt as of September 30, 2016, including $1,500.0 million of Senior Notes issued in June 2015, comprised of the 2020 Notes, the 2022 Notes and the 2025 Notes, as well as the $250.0 million Term Loan. Also outstanding as of September 30, 2016 were the 2016 Notes, the 2019 Notes and the 2024 Notes. We also assumed debt as part of the Acquisition, including the 2020 TVN Notes for which a portion was repaid in 2015 and 2016 with the remainder outstanding (See Note 10 – *Debt*). Interest expense, net also includes interest income of $3.9 million and $4.1 million related to the UKTV note for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Equity in earnings of affiliates decreased $13.8 million, or 19.8 percent, for the nine months ended September 30, 2016 compared with the same period in the prior year, primarily due to the exclusion of our share of Fox Sports South's financial results for a portion of the nine months ended September 30, 2016. Equity in earnings of affiliates includes our $29.8 million and $35.3 million proportionate share of UKTV's results for the nine months ended September 30, 2016 and September 30, 2015, respectively, which were reduced by amortization of $10.0 million and $12.7 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Gain on sale of investments totaled $191.8 million for the nine months ended September 30, 2016, with $208.2 million driven by the sale of our 7.3 percent equity interest in Fox Sports South in the first quarter of 2016, partially offset by a $16.4 million loss incurred on the sale of a cost method investment in the second quarter of 2016.

Miscellaneous, net represented a $5.7 million addition to operating income during the nine months ended September 30, 2016 compared with a $23.2 million loss in the same period in the prior year, primarily driven by $4.9 million of foreign currency transaction gains for the nine months ended September 30, 2016 compared with $35.3 million of foreign currency transaction losses for the same period in 2015, partially offset by $8.7 million adjustment to a contingent liability during the nine months ended September 30, 2015.

Our effective income tax rate was 30.6 percent for the nine months ended September 30, 2016 compared with 31.7 percent for the same period in 2015. The variance in the year-over-year tax rate was primarily driven by an overall increase in the tax benefits resulting from differences in the U.S. statutory rate and that of foreign jurisdictions, partially offset by a reduction in the tax benefits attributable to income allocated to our non-controlling interest.

Business Segment Results

As discussed in Note 17 - *Segment Information* to the condensed consolidated financial statements, our CODM evaluates the operating performance of our businesses and makes decisions about the allocation of resources to the businesses using a non-GAAP measure we refer to as segment profit. Segment profit excludes interest, income taxes, depreciation and amortization, divested operating units, investment results and certain other items included in net income determined in accordance with GAAP.

Total segment profit is the aggregate of the segment profit for each of our two reportable segments. Total segment profit is a non-GAAP financial measure and is not intended to replace operating income, the most directly comparable GAAP financial measure. Our management believes that total segment profit is a useful measure of the operating profitability of our business since the measure allows for an evaluation of the performance of our segments without regard to the effect of interest, depreciation and amortization and certain other items. For this reason, operating performance measures, such as total segment profit, are used by analysts and investors in our industry. Total segment profit is not a measure of consolidated operating results under GAAP and should not be considered superior to, as a substitute for or as an alternative to, operating income or any other measure of consolidated operating results under GAAP.

Items excluded from segment profit generally result from decisions made in prior periods and/or by corporate executives rather than the managers of the segments. Depreciation and amortization charges are a result of decisions made in prior periods regarding the allocation of resources and are, therefore, excluded from segment profit. Also excluded from segment profit are financing, tax structuring and acquisition and divestiture decisions, which are generally made by corporate executives. Excluding these items from the performance measure of our segments enables management to evaluate operating performance based on current economic conditions and decisions made by segment managers in the current period.

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

Consolidated Results of Operations

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

	Three months ended September 30,			
(in thousands)	2016	2015	$ Change	% Change
Operating revenues:				
U.S. Networks	$ 686,263	$ 660,862	$ 25,401	3.8%
International Networks	123,247	118,719	4,528	3.8%
Corporate and Other	(6,425)	(3,459)	(2,966)	(85.7)%
Operating revenues	803,085	776,122	26,963	3.5%
Cost of services, excluding depreciation and amortization	298,207	270,150	28,057	10.4%
Selling, general and administrative	200,820	193,645	7,175	3.7%
Total segment profit	304,058	312,327	(8,269)	(2.6)%
Depreciation	20,241	18,359	1,882	10.3%
Amortization	25,771	22,932	2,839	12.4%
Loss on disposal of property and equipment	129	40	89	222.5%
Total operating income	257,917	270,996	(13,079)	(4.8)%
Interest expense, net	(32,609)	(50,439)	(17,830)	(35.3)%
Equity in earnings of affiliates	8,473	23,392	(14,919)	(63.8)%
Gain on derivatives	2,827	4,037	(1,210)	(30.0)%
Gain on sale of investment	-	-	-	NM
Miscellaneous, net	21,276	(9,543)	30,819	322.9%
Total income from operations before income taxes	$ 257,884	$ 238,443	$ 19,441	8.2%
Segment profit (loss):				
U.S. Networks	$ 326,009	$ 330,281	$ (4,272)	(1.3)%
International Networks	3,829	10,896	(7,067)	(64.9)%
Corporate and Other	(25,780)	(28,850)	3,070	10.6%
Total segment profit	$ 304,058	$ 312,327	$ (8,269)	(2.6)%

NM designates the change is not meaningful

Nine Months ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

	Nine months ended September 30,			
(in thousands)	**2016**	**2015**	**$ Change**	**% Change**
Operating revenues:				
U.S. Networks	$ 2,140,779	$ 2,014,866	$ 125,913	6.2%
International Networks	391,629	164,872	226,757	137.5%
Corporate and Other	(19,674)	(13,264)	(6,410)	(48.3)%
Operating revenues	2,512,734	2,166,474	346,260	16.0%
Cost of services, excluding depreciation and amortization	864,873	664,384	200,489	30.2%
Selling, general and administrative	590,774	574,330	16,444	2.9%
Total segment profit	1,057,087	927,760	129,327	13.9%
Depreciation	53,869	50,052	3,817	7.6%
Amortization	82,487	46,267	36,220	78.3%
Loss on disposal of property and equipment	(113)	2,600	(2,713)	(104.3)%
Total operating income	920,844	828,841	92,003	11.1%
Interest expense, net	(99,529)	(80,182)	19,347	24.1%
Equity in earnings of affiliates	55,863	69,627	(13,764)	(19.8)%
Gain on derivatives	13,860	47,168	(33,308)	(70.6)%
Gain on sale of investment	191,824	-	191,824	NM
Miscellaneous, net	5,670	(23,198)	28,868	124.4%
Total income from operations before income taxes	$ 1,088,532	$ 842,256	$ 246,276	29.2%
Segment profit (loss):				
U.S. Networks	$ 1,086,645	$ 1,028,117	$ 58,528	5.7%
International Networks	50,987	(5,478)	56,465	NM
Corporate and Other	(80,545)	(94,879)	14,334	15.1%
Total segment profit	$ 1,057,087	$ 927,760	$ 129,327	13.9%

U.S. Networks

U.S. Networks includes our six national television networks: HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel and Great American Country. Additionally, U.S. Networks includes websites associated with the aforementioned television brands and other internet and mobile businesses serving home, food, travel and other lifestyle-related categories. U.S. Networks also includes our digital content studio, Scripps Networks Lifestyle Studios. We own 100.0 percent of each network, with the exception of Food Network and Cooking Channel, of which we own 68.7 percent. Each of our networks is distributed by cable and satellite distributors, telecommunication service providers and certain non-linear providers, such as those providing streaming or on-demand services.

U.S. Networks earns revenue primarily from the sale of advertising time and from distribution fees paid by distributors of our content. U.S. Networks also earns revenue from licensing of content to third parties and of brands for consumer products.

Programming expenses, employee costs and marketing and advertising expenses are the primary operating costs of U.S. Networks.

U.S. Networks' Results of Operations

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

	Three months ended September 30,			
(in thousands)	2016	2015	$ Change	% Change
Segment operating revenues:				
Advertising	$ 477,501	$ 447,788	$ 29,713	6.6%
Distribution	194,276	199,228	(4,952)	(2.5)%
Other	14,486	13,846	640	4.6%
Segment operating revenues	686,263	660,862	25,401	3.8%
Cost of services, excluding depreciation and amortization	223,836	197,416	26,420	13.4%
Selling, general and administrative	136,418	133,165	3,253	2.4%
Segment profit	326,009	330,281	(4,272)	(1.3)%
Depreciation	16,894	13,417	3,477	25.9%
Amortization	10,098	10,098	-	
Loss on disposal of property and equipment	209	28	181	646.4%
Segment operating income	$ 298,808	$ 306,738	$ (7,930)	(2.6)%
Supplemental segment information:				
Equity in earnings of affiliates	$ 4,202	$ 10,862	$ (6,660)	(61.3)%
Program amortization	$ 196,266	$ 173,721	$ 22,545	13.0%
Program payments	$ 186,220	$ 182,271	$ 3,949	2.2%
Capital expenditures	$ 16,777	$ 9,522	$ 7,255	76.2%

U.S. Networks generated operating revenues of $686.3 million and $660.9 million for the three months ended September 30, 2016 and September 30, 2015, respectively, representing 85.5 percent and 85.1 percent of consolidated operating revenues in the respective periods and a $25.4 million, or 3.8 percent, increase year-over-year.

The year-over-year increase in U.S. Networks' operating revenues included a $29.7 million, or 6.6 percent, growth in advertising revenues during the three months ended September 30, 2016 compared with the respective period in 2015, primarily driven by strong pricing and improved ratings at the majority of our networks. Advertising revenues represented 69.6 percent and 67.8 percent of total operating revenues for U.S. Networks for the three months ended September 30, 2016 and 2015, respectively.

Advertising revenue growth was partially offset by a $5.0 million, or 2.5 percent, decrease in distribution revenues during the three months ended September 30, 2016 compared with the respective period in 2015, primarily driven by a rate equalization resulting from the consolidation of certain distribution agreements, partially offset by negotiated contractual rate increases and revenues generated from new over-the-top and non-linear entrants, such as those providing streaming or on-demand services.

Cost of services increased $26.4 million, or 13.4 percent, for the three months ended September 30, 2016 compared with the same period in 2015, primarily driven by additional investments in programming. Program amortization represented 50.7 percent and 49.1 percent of U.S. Networks' operating expenses for the three months ended September 30, 2016 and September 30, 2015, respectively. Cost of services also included $1.0 million of Reorganization costs incurred during the three months ended September 30, 2016.

Selling, general and administrative increased $3.3 million, or 2.4 percent, for the three months ended September 30, 2016 compared with the same period in 2015. Selling, general and administrative included $0.3 million of Reorganization costs incurred during the three months ended September 30, 2016 and $0.8 million of Reorganization costs and $0.7 million of costs related to the Restructuring Plan incurred during the nine months ended September 30, 2015.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

(in thousands)	Nine months ended September 30, 2016	2015	$ Change	% Change
Segment operating revenues:				
Advertising	$ 1,505,765	$ 1,373,218	$ 132,547	9.7%
Distribution	592,445	600,499	(8,054)	(1.3)%
Other	42,569	41,149	1,420	3.5%
Segment operating revenues	2,140,779	2,014,866	125,913	6.2%
Cost of services, excluding depreciation and amortization	638,235	560,705	77,530	13.8%
Selling, general and administrative	415,899	426,044	(10,145)	(2.4)%
Segment profit	1,086,645	1,028,117	58,528	5.7%
Depreciation	43,763	40,977	2,786	6.8%
Amortization	30,141	30,059	82	0.3%
Loss on disposal of property and equipment	251	3,609	(3,358)	(93.0)%
Segment operating income	$ 1,012,490	$ 953,472	$ 59,018	6.2%
Supplemental segment information:				
Equity in earnings of affiliates	$ 20,948	$ 35,369	$ (14,421)	(40.8)%
Program amortization	$ 561,122	$ 487,912	$ 73,210	15.0%
Program payments	$ 576,478	$ 535,387	$ 41,091	7.7%
Capital expenditures	$ 34,015	$ 25,773	$ 8,242	32.0%

U.S. Networks generated operating revenues of approximately $2,140.8 million and $2,014.9 million for the nine months ended September 30, 2016 and September 30, 2015, respectively, representing 85.2 percent and 93.0 percent of consolidated operating revenues in the respective periods and a $125.9 million, or 6.2 percent, increase year-over-year. Despite the 6.2 percent growth in U.S. Networks' operating revenues during the nine months ended September 30, 2016 compared with the same period in 2015, the U.S. Networks' contribution of operating revenues to consolidated operating revenues decreased on a percentage basis, primarily driven by the inclusion of TVN for the full nine month period in 2016, thereby increasing International Networks' contribution of operating revenues to consolidated operating revenues.

The year-over-year increase in U.S. Networks' operating revenues included a $132.5 million, or 9.7 percent, growth in advertising revenues during the nine months ended September 30, 2016 compared with the respective period in 2015, primarily driven by strong pricing and improved ratings at the majority of our networks. Advertising revenues represented 70.3 percent and 68.2 percent of total operating revenues for U.S. Networks for the nine months ended September 30, 2016 and 2015, respectively.

Advertising revenue growth was partially offset by an $8.1 million, or 1.3 percent, decrease in distribution revenues during the nine months ended September 30, 2016 compared with the respective period in 2015, primarily driven by a rate equalization resulting from the consolidation of certain distribution agreements, partially offset by negotiated contractual rate increases and revenues generated from new over-the-top and non-linear entrants, such as those providing streaming or on-demand services.

Cost of services increased $77.5 million, or 13.8 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, primarily driven by additional investments in programming. Program amortization represented 49.7 percent and 46.0 percent of U.S. Networks' operating expenses for the nine months ended September 30, 2016 and September 30, 2015, respectively. Cost of services also included $4.0 million of Reorganization costs incurred during the nine months ended September 30, 2016 and $2.6 million of costs related to the Restructuring Plan incurred during the nine months ended September 30, 2015.

Selling, general and administrative decreased $10.1 million, or 2.4 percent, for the nine months ended September 30, 2016 compared with the same period in 2015, primarily driven by the timing of certain marketing programs, $4.7 million of costs related to the Restructuring Plan and $0.8 million of Reorganization costs incurred during the nine months ended September 30, 2015, partially offset by $4.8 million of Reorganization costs incurred during the nine months ended September 30, 2016.

U.S. Networks' Supplemental Information

(in thousands)	Three months ended September 30, 2016	2015	$ Change	% Change
Operating revenues by network:				
HGTV	$ 265,758	$ 248,323	$ 17,435	7.0%
Food Network	217,383	214,216	3,167	1.5%
Travel Channel	75,590	73,252	2,338	3.2%
DIY Network	40,091	41,138	(1,047)	(2.5)%
Cooking Channel	34,422	33,487	935	2.8%
Great American Country	7,119	7,524	(405)	(5.4)%
Digital Businesses	36,503	36,308	195	0.5%
Other	10,359	8,604	1,755	20.4%
Intrasegment eliminations	(962)	(1,990)	1,028	51.7%
Total segment operating revenues	$ 686,263	$ 660,862	$ 25,401	3.8%

(in thousands)	Nine months ended September 30, 2016	2015	$ Change	% Change
Operating revenues by network:				
HGTV	$ 820,226	$ 757,408	$ 62,818	8.3%
Food Network	687,583	659,583	28,000	4.2%
Travel Channel	242,241	230,898	11,343	4.9%
DIY Network	128,600	127,512	1,088	0.9%
Cooking Channel	104,214	99,212	5,002	5.0%
Great American Country	22,639	22,989	(350)	(1.5)%
Digital Businesses	106,391	95,018	11,373	12.0%
Other	30,462	25,975	4,487	17.3%
Intrasegment eliminations	(1,577)	(3,729)	2,152	57.7%
Total segment operating revenues	$ 2,140,779	$ 2,014,866	$ 125,913	6.2%

International Networks

International Networks includes TVN, which operates a portfolio of free-to-air and pay-TV lifestyle and entertainment networks in Poland, including TVN, TVN24, TVN Style, TTV, TVN Turbo, TVN24 Biznes i Świat. Also included in TVN is TVN Media, an advertising sales house. Additionally, International Networks includes the lifestyle-oriented networks available in the UK, EMEA, APAC, Latin America and the Caribbean. International Networks also includes our 50.0 percent share of the results of UKTV, a general entertainment and lifestyle channel platform in the UK.

We currently distribute HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel, AFC and Fine Living Network, as well as the TVN network portfolio, in more than 175 countries and territories around the world. Our networks are broadcast in 30 languages via 41 unique channel feeds reaching more than 300 million cumulative subscribers. In addition to the broadcast networks, we also license a portion of our programming to other broadcasters around the world.

International Networks earns revenue primarily from the sale of advertising time and from distribution fees paid by distributors of our content. International Networks also earns revenue from licensing of content to third parties, commissions on ad sales and sales of merchandise inventory.

Satellite transmission fees, programming expenses, employee costs and marketing and advertising expenses are the primary operating costs of International Networks.

International Networks' Results of Operations

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

	Three months ended September 30,			
(in thousands)	**2016**	**2015**	**$ Change**	**% Change**
Segment operating revenues:				
Advertising	$ 78,924	$ 80,067	$ (1,143)	(1.4)%
Distribution	27,421	25,713	1,708	6.6%
Other	16,902	12,939	3,963	30.6%
Segment operating revenues	123,247	118,719	4,528	3.8%
Cost of services, excluding depreciation and amortization	79,303	75,529	3,774	5.0%
Selling, general and administrative	40,115	32,294	7,821	24.2%
Segment profit	3,829	10,896	(7,067)	(64.9)%
Depreciation	3,090	4,011	(921)	(23.0)%
Amortization	15,673	12,834	2,839	22.1%
(Gain) loss on disposal of property and equipment	(80)	13	(93)	NM
Segment operating loss	$ (14,854)	$ (5,962)	$ 8,892	149.1%
Supplemental segment information:				
Equity in earnings of affiliates	$ 4,271	$ 12,530	$ (8,259)	(65.9)%
Program amortization	$ 40,620	$ 33,621	$ 6,999	20.8%
Program payments	$ 39,771	$ 9,143	$ 30,628	335.0%
Capital expenditures	$ 6,835	$ 3,735	$ 3,100	83.0%

International Networks generated operating revenues of approximately $123.2 million and $118.7 million for the three months ended September 30, 2016 and September 30, 2015, respectively, representing 15.3 percent of consolidated operating revenues in both periods and a $4.5 million, or 3.8 percent increase year-over-year.

The year-over-year increase in International Networks' operating revenues during the three months ended September 30, 2016 compared with the respective period in 2015 included a $1.7 million, or 6.6 percent, increase in distribution revenues, primarily driven by distribution growth across all lifestyle regions.

Distribution revenue growth was partially offset by a $1.1 million, or 1.4 percent, decrease in advertising revenues during the three months ended September 30, 2016 compared with the respective period in 2015. Advertising revenues represented 64.0 percent and 67.4 percent of total operating revenues for International Networks for the three months ended September 30, 2016 and September 30, 2015, respectively.

Cost of services increased $3.8 million, or 5.0 percent, for the three months ended September 30, 2016 compared with the same period in 2015. Program amortization represented 29.4 percent and 27.0 percent of International Networks' operating expenses for the three months ended September 30, 2016 and September 30, 2015, respectively.

Selling, general and administrative increased $7.8 million, or 24.2 percent, for the three months ended September 30, 2016 compared with the same period in 2015, primarily driven by $11.2 million of TVN transaction and integration related expenses incurred during the three months ended September 30, 2016.

Amortization of intangible assets increased $2.8 million, or 22.1 percent, for the three months ended September 30, 2016 compared with the same period in the prior year, primarily driven by additional amortization related to an acquired network distribution channel in Italy, as well as the impacts of foreign currency.

Equity in earnings of affiliates decreased $8.3 million, or 65.9 percent, for the three months ended September 30, 2016 compared with the same period in the prior year, primarily driven by ad sales and foreign currency impacts at certain of our equity investments.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

	Nine months ended September 30,		
(in thousands)	**2016**	**2015**	**$ Change**
Segment operating revenues:			
Advertising	$ 269,163	$ 92,796	$ 176,367
Distribution	80,771	48,667	32,104
Other	41,695	23,409	18,286
Segment operating revenues	391,629	164,872	226,757
Cost of services, excluding depreciation and amortization	241,027	111,618	129,409
Selling, general and administrative	99,615	58,732	40,883
Segment profit (loss)	50,987	(5,478)	56,465
Depreciation	9,329	6,089	3,240
Amortization	52,346	16,208	36,138
(Gain) loss on disposal of property and equipment	(364)	22	(386)
Segment operating loss	$ (10,324)	$ (27,797)	$ 17,473
Supplemental segment information:			
Equity in earnings of affiliates	$ 34,915	$ 34,258	$ 657
Program amortization	$ 126,341	$ 46,703	$ 79,638
Program payments	$ 126,645	$ 52,665	$ 73,980
Capital expenditures	$ 13,894	$ 4,511	$ 9,383

International Networks generated operating revenues of approximately $391.6 million and $164.9 million for the nine months ended September 30, 2016 and September 30, 2015, respectively, representing 15.6 percent and 7.6 percent of consolidated operating revenues in the respective periods and a $226.8 million increase year-over-year. The increase in International Networks' contribution of operating revenues to consolidated operating revenues on a percentage basis for the nine months ended September 30, 2016 compared with the same period in 2015 is primarily driven by the inclusion of TVN for the full nine month period in 2016, thereby increasing International Networks' contribution of operating revenues to consolidated operating revenues.

The year-over-year increase in International Networks' operating revenues during the nine months ended September 30, 2016 compared with the respective period in 2015 included a $176.4 million increase in advertising revenues, primarily driven by the inclusion of TVN for the full nine month period in 2016.

Advertising revenues represented 68.7 percent and 56.3 percent of total operating revenues for International Networks for the nine months ended September 30, 2016 and 2015, respectively. Advertising revenue growth was supplemented by a $32.1 million increase in distribution fees during the nine months ended September 30, 2016 compared with the respective period in 2015, also primarily driven by the inclusion of TVN for the full nine month period in 2016.

Cost of services increased $129.4 million for the nine months ended September 30, 2016 compared with the same period in 2015, primarily due to the inclusion of TVN for the full nine month period in 2016. Program amortization represented 31.4 percent and 24.2 percent of International Networks' operating expenses for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Selling, general and administrative increased $40.9 million for the nine months ended September 30, 2016 compared with the same period in 2015, primarily driven by the inclusion of TVN for the full nine month period in 2016 and $11.1 million of TVN transaction and integration related expenses incurred during the nine months ended September 30, 2016, partially offset by $1.0 million of TVN transaction and integration related expenses incurred during the nine months ended September 30, 2015.

Amortization of intangible assets increased $36.1 million for the nine months ended September 30, 2016 compared with the same period in the prior year, primarily driven by the Acquisition.

Corporate and Other

Corporate and Other includes the results of businesses not separately identified as reportable segments for external financial reporting purposes and will continue to be disclosed separately from the results of U.S. Networks and International Networks. The Company generally does not allocate employee payroll costs to its reportable segments, but rather classifies these expenses within Corporate and

Other. However, certain corporate costs, including information technology, pension and other employee benefits and other shared service functions, are allocated to our businesses. These 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 businesses.

The Corporate and Other loss includes $0.9 million of TVN transaction and integration related expenses and $0.2 million of Reorganization costs incurred during the three months ended September 30, 2016 and $7.8 million of TVN transaction and integration related expenses and $1.9 million of expenses related to the Restructuring Plan incurred during the three months ended September 30, 2015.

The Corporate and Other loss includes $3.9 million of Reorganization costs and $3.0 million of TVN transaction and integration related expenses incurred during the nine months ended September 30, 2016 and $21.7 million of TVN transaction and integration related expenses and $5.8 million of expenses related to the Restructuring Plan incurred during the nine months ended September 30, 2015.

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 Amended Revolving Credit Facility and access to capital markets. Advertising provided 70.6 percent of total operating revenues for the year-to-date period, so cash flow from operating activities can be adversely affected during recessionary periods. Our cash and cash equivalents totaled $329.6 million at September 30, 2016 and $223.4 million at December 31, 2015. Our Amended Revolving Credit Facility permits $900.0 million in aggregate borrowings, with the option to increase up to $1,150.0 million, and expires in March 2020, with the exception of $32.5 million, which expires in March 2019. There were no borrowings outstanding under the Amended Revolving Credit Facility at September 30, 2016. In the fourth quarter of 2014, we issued $1,000.0 million aggregate principal amount of Senior Notes whose funds were primarily used to repay the $885.0 million Senior Notes that matured in January 2015. In the second quarter of 2015, we issued $1,500.0 million aggregate principal amount of Senior Notes, whose net proceeds were primarily used to fund the Transactions, and also entered into the $250.0 million Term Loan agreement.

We were in compliance with all financial covenants as of September 30, 2016.

Our cash flow year-to-date has primarily been used to fund investments, develop new businesses, pay dividends on our common stock and repay debt. We expect cash flow from operating activities in 2016 will provide sufficient liquidity to fund our normal operations, including repayment of the 2016 Notes.

Cash Flows

A summary of cash provided by or used in operating, investing and financing activities is shown in the following table:

	Nine months ended September 30,			
(in thousands)	**2016**	**2015**	**$ Change**	**% Change**
Cash provided by operating activities	$ 722,668	$ 657,898	$ 64,770	9.8%
Cash provided by (used in) investing activities	165,660	(589,517)	755,177	128.1%
Cash used in financing activities	(780,396)	(690,564)	(89,832)	(13.0)%
Effect of exchange rate of cash and cash equivalents	(1,803)	(8,629)	6,826	79.1%
Increase (decrease) in cash and cash equivalents	106,129	(630,812)	736,941	116.8%
Cash and cash equivalents - beginning of period	223,444	878,164	(654,720)	(74.6)%
Cash and cash equivalents - end of period	$ 329,573	$ 247,352	$ 82,221	33.2%

Cash and cash equivalents increased $106.1 million for the nine months ended September 30, 2016 and decreased $630.8 million for the nine months ended September 30, 2015. Components of these changes are discussed below in more detail.

Operating Activities

Cash provided by operating activities totaled $722.7 million and $657.9 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Net income totaled $755.1 million for the nine months ended September 30, 2016 and $575.6 million for the nine months ended September 30, 2015. Contributing to the increase in net income were increased revenues, reduced marketing expenses and a $191.8 million net gain on sale of investments, partially offset by a $147.0 million increase in program amortization.

Program payments exceeded program amortization by $29.3 million for the nine months ended September 30, 2016 and $61.2 million for the nine months ended September 30, 2015, reducing cash provided by operating activities for these periods. Cash provided by operating activities is also impacted by payments and refunds for income taxes and payments for interest. During the nine months ended September 30, 2016, we made income tax payments of $309.5 million and paid interest of $54.1 million. During the nine months ended September 30, 2015, we made income tax payments of $258.3 million and paid interest of $68.3 million.

Investing Activities

Cash provided by investing activities totaled $165.7 million for the nine months ended September 30, 2016, and cash used by investing activities totaled $589.5 million for the nine months ended September 30, 2015. Capital expenditures totaled $47.9 million and $32.1 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. During the nine months ended September 30, 2016, we received $226.5 million of cash from the sale of investments, including the sale of our 7.3 percent equity interest in Fox Sports South.

During the nine months ended September 30, 2015, we paid $539.3 million for the Acquisition. Additionally, during the nine months ended September 30, 2015, we paid a $16.0 million premium for a call option on Euros to fund the Acquisition, which was partially offset by a cash inflow of $63.3 million related to the settlements of derivatives related to the Transactions. Also, during the nine months ended September 30, 2015, we had cash outflows of $32.6 million for the purchases of investments, including Refinery 29 and Thrive Market.

Financing Activities

Cash used in financing activities totaled $780.4 million and 690.6 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

During the nine months ended September 30, 2015, we incurred cash outflows of $853.9 million related to the TVN Tender Offer and Squeeze-out. While the initial 52.7% controlling interest acquired through N-Vision is reflected as an investing activity, the remaining 47.3% is treated as a financing activity in the condensed consolidated statements of cash flows.

In June 2015, we issued $1,500.0 million aggregate principal amount of Senior Notes comprised of $600.0 million aggregate principal amount of the 2020 Notes, $400.0 million aggregate principal amount of the 2022 Notes and $500.0 million aggregate principal amount of the 2025 Notes. During the second quarter of 2015, we also entered into the $250.0 million Term Loan agreement that matures in 2017.

The Amended Revolving Credit Facility permits $900.0 million in aggregate borrowings and expires in March 2020, with the exception of $32.5 million which expires March 2019. During the nine months ended September 30, 2016, we did not borrow any additional funds, but made repayments totaling $390.0 million under the Amended Revolving Credit Facility, resulting in no borrowings outstanding under the Amended Revolving Credit Facility at September 30, 2016. During the nine months ended September 30 2015, we borrowed $1,305.0 million under the Facility and made repayments of $1,005.0 million.

During the nine months ended September 30, 2016, we made a partial redemption of $52.9 million related to the TVN 2020 Notes. During the nine months ended September 30, 2015, we had cash outflows of $49.8 million related to a partial redemption of the TVN 2020 Notes and full repayment of TVN's term loan. During the nine months ended September 30, 2015, we made an early redemption of the €300 million Senior PIK Toggle Notes due 2021, which resulted in a cash outflow of $404.3 million related to the early extinguishment of debt. While this is a component of the purchase price allocation, the cash flow impact is reflected as a financing activity for the quarter in the condensed consolidated statements of cash flows.

In November 2014, we issued $1,000.0 million aggregate principal amount of Senior Notes comprised of $500.0 million aggregate principal amount of the 2019 Notes and $500.0 million aggregate principal amount of the 2024 Notes. Net proceeds from these Senior Notes were utilized for general corporate purposes including, but not limited to, the repayment of our $885.0 million 3.55% Senior Notes due 2015. We also have $500.0 million aggregate principal amount of the 2016 Notes.

We have share Repurchase Programs authorized by the Board that permit us to acquire the Company's Class A Common Shares. During the nine months ended September 30, 2016, we did not repurchase any shares. During the nine months ended September 30, 2015, we repurchased 4.0 million shares for $288.5 million, including 3.0 million shares repurchased for $216.8 million from Scripps family members. As of September 30, 2016, $1,512.5 million in authorization remains available for repurchase under the Repurchase

Programs. All shares repurchased under the Repurchase Programs are retired and returned to authorized and unissued shares. There is no expiration date for the Repurchase Programs, and we are under no commitment or obligation to repurchase any particular amount of Class A Common Shares under the Repurchase Programs.

We have paid quarterly dividends since our inception as a public company on July 1, 2008. During the first quarter of 2016, the Board approved an increase in the quarterly dividend rate to $0.25 per share from $0.23 per share. Total dividend payments to holders of our Class A Common Shares and Common Voting Shares were $97.1 million and $89.1 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. We currently expect that quarterly cash dividends will continue to be paid in the future. However, future dividends are not guaranteed and are subject to our earnings, financial condition and capital requirements.

A non-controlling owner held a 35.0 percent residual interest in the Travel Channel as of December 31, 2015. On February 25, 2016, we acquired the residual interest for cash consideration of $99.0 million.

Pursuant to the terms of the Food Network Partnership agreement, the Partnership is required to distribute available cash to the general partners. Cash distributions to Food Network's non-controlling interest partner were $143.6 million and $145.1 million for the nine months ended September 30, 2016 and September 30, 2015, respectively. We did not have any cash distributions to Travel Channel's non-controlling interest holder during the nine months ended September 30, 2016 and had $9.9 million for the nine months ended September 30, 2015, respectively. We expect cash distributions to non-controlling interest owners to approximate $165.0 million in total for 2016.

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 commitments, earnings and cash flows and to reduce overall borrowing costs.

We are subject to interest rate risk associated with our Amended Revolving 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 these borrowings is dependent on interest rate conditions and the timing of our financing needs. The Company issued $1,500.0 million aggregate principal amount of Senior Notes in June 2015, $1,000.0 million aggregate principal amount of Senior Notes in November 2014 and $500.0 million aggregate principal amount of Senior Notes in December 2011. We also have the TVN 2020 Notes outstanding. A 100 basis point increase in the interest rate would decrease the fair value of the aggregate principal amount of our total combined Senior Notes by approximately $144.1 million, whereas a 100 basis point decrease in the interest rate would increase the fair value of the aggregate principal amount of our total combined Senior Notes by approximately $130.8 million.

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

	As of September 30, 2016		As of December 31, 2015	
(in thousands)	Net Carrying Amount	Fair Value	Net Carrying Amount	Fair Value
Financial instruments subject to interest rate risk:				
Amended Revolving Credit Facility	$ -	$ -	$ 389,170	$ 389,170
Term Loan	249,897	250,000	249,129	249,129
2.70% Senior Notes due 2016	499,850	501,430	499,174	504,415
2.75% Senior Notes due 2019	496,579	513,660	495,750	494,290
TVN 7.38% Senior Notes due 2020	356,654	353,613	399,986	408,110
2.80% Senior Notes due 2020	594,874	615,282	593,796	585,558
3.50% Senior Notes due 2022	395,884	418,156	395,309	388,348
3.90% Senior Notes due 2024	493,785	526,905	493,210	480,490
3.95% Senior Notes due 2025	495,195	526,525	494,748	478,475
Total debt	$ 3,582,718	$ 3,705,571	$ 4,010,272	$ 3,977,985

We are also subject to interest rate risk associated with the notes receivable acquired in the UKTV investment (see Note 7 – *Investments*). The notes accrue interest at variable rates related to either the spread over LIBOR or other identified market indices. Because interest on the note receivable is variable, the carrying amount of such note receivable is believed to approximate fair value.

We conduct business in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the local currency to the functional currency (see Note 13- *Derivative Financial Instruments*).

CONTROLS AND PROCEDURES

The Company'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 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 (the "Exchange Act")) was evaluated as of September 30, 2016. 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 as of September 30, 2016.

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.

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 2015 Form 10-K to be the most significant.

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.

We have share Repurchase Programs authorized by the Board that permit us to acquire the Company's Class A Common Shares.

As of September 30, 2016, $1,512.5 million in authorization remains available for repurchase under the Repurchase Programs. There is no expiration date for the Repurchase Programs, and we are under no commitment or obligation to repurchase any particular amount of Class A Common Shares under the Repurchase Programs.

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, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
7/1/16 - 7/31/16	-	$ -	-	$ 1,512,536,943
8/1/16 - 8/31/16	-	-	-	1,512,536,943
9/1/16 - 9/30/16	-	-	-	1,512,536,943
Total	-	$ -	-	$ 1,512,536,943

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 of Exhibits to 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 7, 2016

BY: /s/ Lori A. Hickok

Lori A. Hickok
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX OF EXHIBITS

Number and Description of Exhibit

10.1	Amendment No. 3 to Employment Agreement between Scripps Networks Interactive, Inc. and Joseph G. NeCastro (incorporated by reference to Exhibit 10.34 to the Scripps Networks Interactive, Inc. Annual Report on Form 10-K, filed on February 25, 2016).
10.2	Separation Agreement and General Release between Scripps Networks Interactive, Inc. and Joseph G. NeCastro (incorporated by reference to Exhibit 10.35 to the Scripps Networks Interactive, Inc. Annual Report on Form 10-K, filed on February 25, 2016).
10.3	Membership Interest Purchase Agreement by and among Cox TMI, Inc., Cox Communications, Inc., Gulliver Media Holdings, LLC, Scripps Networks Interactive, Inc. and TCM Parent, LLC (incorporated by reference to Exhibit 10.42 to the Scripps Networks Interactive, Inc. Current Report on Form 8-K, filed on February 29, 2016).
10.4	Purchase Agreement by and among FSN Southern Holdings, Inc., Scripps Networks, LLC and Fox-BRV Southern Sports Holdings, LLC (incorporated by reference to Exhibit 10.43 to the Scripps Networks Interactive, Inc. Current Report on Form 8-K, filed on February 29, 2016).
10.42	Amendment No. 4 to Employment Agreement between Scripps Networks Interactive, Inc. and Kenneth W. Lowe*
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

* Indicates management contract or compensatory plan, contract or arrangement.

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

Exhibit 10.42

August 30, 2016

Mr. Kenneth W. Lowe
c/o Scripps Networks Interactive, Inc.
9721 Sherill Boulevard
Knoxville, TN 37932

Re: Employment Agreement

Dear Ken:

This Amended and Restated Employment Agreement (this "Agreement"), dated as of August 30, 2016 (the "Effective Date"), is entered into by and among Scripps Networks Interactive, Inc. (the "Company") and Kenneth Lowe (the "Executive" or "you"). This Agreement amends and restates in its entirety that certain Employment Agreement between the Company and the Executive dated as of April 1, 2010, as amended through March 3, 2014 (the "Prior Agreement").

1. Term. Subject to the provisions for earlier termination provided in paragraph 11 below, the term of your employment hereunder shall continue through December 31, 2019, whereupon you shall retire from the Company (the "Term").

2. Duties.

   (a) CEO Duties. From the Effective Date until the Transition Date (as defined below), you will continue to serve as the Chairman, President and Chief Executive Officer of the Company reporting directly to the Company's Board of Directors (the "Board"). 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 subsidiaries during your employment. You will perform such duties and responsibilities commensurate with your position and title, and as may be reasonably assigned to you from time to time by the Board. For purposes of this Agreement, the "Transition Date" shall mean the later of January 1, 2019 or the date of appointment by the Board of a new Chief Executive Officer of the Company.

   (b) Executive Chairman Duties. Following the Transition Date until December 31, 2019, you shall serve as Executive Chairman of the Board. Your duties shall consist of providing leadership of the Board, transition and consultation with the Company's Chief Executive Officer, and advising the Board and Chief Executive Officer on strategic planning and industry and client relationships. You agree to devote such business time as is necessary to perform your duties and responsibilities as Executive Chairman which the parties acknowledge and agree will not be full time. Subject to the requirements of your position as a member of the Board, you shall be free to determine the times of the performance of your services and in no event will you be required to provide services for more than 20 hours per week.

(c) Exclusivity. Prior to the Transition Date, 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. Following the Transition Date, you may engage during the Term in personal or business activities of any kind, provided that you may not serve as the chief executive officer (or similar position) of any for-profit company (other than a company controlled, directly or indirectly, by you or the members of your family) and that such activities do not violate the restrictive covenants of Section 10.

(d) Place of Employment. Prior to the Transition Date, your principal place of employment shall be in Knoxville, Tennessee. Following the Transition Date, you shall be free to determine the location of the performance of your services, subject to the requirements of your position as a member of the Board.

(e) Board Service. You shall serve as a member of the Board as well as its Chairman or Executive Chairman (as applicable), and shall perform your duties as a director of the Company conscientiously and faithfully.

(f) Other Entities. Prior to the Transition Date, you also shall serve, without additional compensation, as an officer and director of each of the Company's subsidiaries, joint ventures or controlled affiliates, as determined by the Company, provided, that such service does not materially interfere with the performance of your duties and responsibilities hereunder.

3. Compensation.

(a) Annual Salary. For all the services rendered by you, the Company agrees to pay you $2,000,000 a year in base 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; provided, however, that effective on the Transition Date or, if you have breached in any material respect the succession planning requirements as set forth in Exhibit A attached hereto (the "Succession Planning Requirements") which remains uncured for 30 days following your receipt of written notice of such breach from the Company, effective on January 1, 2019, your Annual Salary shall be reduced to $1,000,000 (the "Annual Salary").

(b) Annual Incentive. During your employment hereunder, you shall 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 200% of your Annual Salary as applicable under paragraph 3(a) for the year to which the bonus relates ("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 Board. 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. The Annual Incentive amount may not be decreased without your prior written consent.

4. Equity Awards. During your employment hereunder, you shall receive the following awards under the Company's equity compensation plans:

(a) Annual LTI Grants. For each year of the Term during your employment commencing in 2017, you shall receive a long-term equity incentive grant with a targeted value of 275% of your Annual Salary (the "Annual LTI Grants"). The timing, valuation, form of award, vesting requirements and other terms and conditions of the Annual LTI Grants shall be on a basis consistent with those granted to the Company's senior executives generally for the applicable year and shall be consistent with terms of the Company's 2015 Long-Term Incentive Plan (the "LTI Plan"), as approved by the Compensation Committee of the Board, except that: (i) the Annual LTI Grants shall provide for accelerated vesting upon your retirement at the end of the Term, and (ii) the Annual LTI Grants shall not be subject to accelerated vesting solely upon a "change in control" (as defined in the LTI Plan) and shall instead be subject to "double trigger" accelerated vesting upon any termination of your employment that entitles you to severance benefits under the terms of the Company's Executive Change in Control Plan.

(b) One-Time LTI Grant. As soon as practicable following the Effective Date, you shall receive a one-time equity incentive grant in the form of restricted stock units under the LTI Plan with a value equal to $10,000,000, based on the closing trading price of the Company's Class A Common Stock on the date of grant (the "One-Time LTI Grant"). The One-Time LTI Grant shall be in accordance with the terms and conditions of the award agreement attached hereto as Exhibit B.

(c) Succession LTI Grant. As soon as practicable following the Effective Date, you shall receive an equity incentive grant in the form of restricted stock units under the LTI Plan with a value equal to $2,500,000, based on the closing trading price of the Company's Class A Common Stock on the date of grant (the "Succession LTI Grant"). The Succession LTI Grant shall be in accordance with the terms and conditions of the award agreement attached hereto as Exhibit C.

5. Benefits. During your employment hereunder, you shall be entitled to participate in any employee retirement, pension and welfare benefit plan or program available to senior executive officers 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. 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. 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 paid vacation in accordance with the Company's vacation policy in effect from time to time, provided that you shall be entitled to no less than 4 weeks' paid vacation annually. You shall be entitled to be reimbursed by the Company for tax and financial planning up to a maximum of $15,000 per year, and for the annual membership fees and other dues associated with two business clubs and one country club. In addition, the Company shall pay the cost of an annual "senior executive" physical examination.

6. 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 (you are entitled to travel first class) and other expenses incurred in the performance of your duties as are customarily reimbursed to senior executive officers of the Company in accordance with past practice. You shall also be reimbursed for reasonable legal fees and other expenses (such fees and expenses not to exceed $130,000 incurred and paid by you during 2016 relating to negotiation, execution and delivery of this Agreement.

7. Entitlements in Event of Death. In the event of your death during your employment hereunder, your surviving spouse if you are married or your estate if you are not married shall, within 60 days of the date of your death, receive a lump sum payment equal to two times your Annual Salary, which payment shall serve as an offset, on a tax effected basis, to any benefits provided under any life insurance policy maintained and paid for by Company on your life (regardless of ownership of policy). In addition, your surviving spouse if you are married or your estate if you are not married shall receive (i) any Annual Incentive earned in the prior calendar year, but that has not yet been paid, in accordance with the terms of the Annual Incentive Plan; (ii) a lump sum payment equal to the target Annual Incentive opportunity for the calendar year of your death, multiplied by the number of years and fractions thereof in the period commencing on January 1 of the calendar year of your death and ending on the first anniversary of your death (with each full and partial month counting as one-twelfth (1/12th) of a year) payable, less applicable deductions and withholding taxes, within 60 days after your death; which such Annual Incentive 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 for that year; and (iii) reimbursement for all documented business expenses previously incurred for which you have not been reimbursed. In addition, you shall be entitled to Company-paid life insurance with a benefit amount equal to your Annual Salary, determined as of each January 1st during the term of this Agreement.

8. Entitlements in Event of Permanent Disability. In the event of your "Permanent Disability" during your employment hereunder (as defined under and covered by a Company employee disability plan), your employment hereunder shall terminate.

However, within 60 days of the date of your Permanent Disability, you shall receive a lump sum payment equal to two times your Annual Salary, which payment shall serve as an offset to any benefits provided under the applicable Company employee disability plan to the extent provided in that plan. Also, if you, your spouse and/or dependents were covered under a Company medical and/or dental plan at the time of your Permanent Disability, the Company shall continue, for the 29-month period beginning on the date of your Permanent Disability, to provide to such spouse and/or dependents medical and/or dental coverage substantially equivalent to the coverage provided to you and such spouse and/or dependents immediately prior to the date of your Permanent Disability. In addition, you shall receive (i) any Annual Incentive earned in the prior calendar year, but that has not yet been paid, in accordance with the terms of the Annual Incentive Plan; (ii) a lump sum payment equal to the target Annual Incentive opportunity for the calendar year of your Permanent Disability, multiplied by the number of years and fractions thereof in the period commencing on January 1 of the calendar year of your Permanent Disability and ending on the first anniversary of your Permanent Disability (with each full and partial month counting as one-twelfth (1/12th) of a year), payable, less applicable deductions and withholding taxes, within 60 days after your Permanent Disability; which such Annual Incentive 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 for that year; and (iii) reimbursement for all documented business expenses previously incurred for which you have not been reimbursed. In addition, in the event that the Company's disability plan does not provide this benefit, the Company shall pay you an annual disability benefit of no less than 60% of Annual Salary, for Permanent Disability, payable in accordance with the Company's regular payroll practices, commencing within thirty (30) days after the date of Permanent Disability and continuing until age 65.

9. 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. 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.

10. Non-Competition, Confidential Information, Etc.

(a) Non-Competition. From the Effective Date until the Transition Date, 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, without the prior written consent of the Company; provided, however, that following the Transition Date, such restriction shall be limited to the programming channel businesses of the companies listed on Exhibit D hereto and their respective subsidiaries (the "Direct Competitors") unless you have failed to fulfill in any material respect the Succession Planning Requirements through December 31, 2018 (or through the date of termination of your employment if you terminate your employment for Good Reason or the Company terminates your employment without Cause prior to such date) which remains uncured for 30 days following your receipt of written notice of such failure from the Company, and, provided, further, 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 mean the entire Term; provided, however, that, if your employment terminates before the end of the Term, the Non-Compete Period shall terminate, if earlier, (i) six (6) months after you terminate your employment for Good Reason or the Company terminates your employment without Cause, or on such earlier date as you may make the election under paragraph 10(j) (which relates to your ability to terminate your obligations under this paragraph 10(a) in exchange for waiving your right to certain compensation and benefits); or (ii) twelve (12) months after the Company terminates your employment for Cause. (Defined terms used without definitions in the preceding sentence have the meanings provided in paragraphs 11(a) and (b).)

(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. Notwithstanding the foregoing in this paragraph 10(b), you shall not have breached your obligations under this paragraph 10(b) due to (i) your use of Residuals (as defined below) or (ii) the disclosure or use of any Confidential Information in connection with any legal proceeding between you, on the one hand, and the Company or its affiliates, on the other hand, provided that you use reasonable efforts to secure confidential treatment of such Confidential Information that you know or reasonably should know constitutes Confidential Information prior to such disclosure or use (whether through protective orders or otherwise); however, you do not have ownership of any intellectual property rights with respect to any Residuals or Confidential Information (except that, upon the assignment of any works to you by the Company pursuant to paragraph 10(e), you will own the intellectual property rights assigned to you by the Company in such works). The term "Residuals" shall mean Confidential Information to which you had authorized access that is retained in nontangible form (for example, without limitation, not digital, written or other documentary form, including, without limitation, tape, disk or other media), in your unaided memory, provided that the source of such Confidential Information has become remote (for example, without limitation, as a result of the passage of time or your subsequent exposure to information of a similar nature from another source without any breach of any confidentiality obligation) such that you in good faith can no longer reasonably specifically identify the source of such Confidential Information and that you in good faith believe is not Confidential Information. 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. Notwithstanding anything herein to the contrary, nothing in this Agreement shall: (i) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation; (ii) require notification or prior approval by the Company of any reporting described in clause (i), (iii) prohibit the Executive from receiving any monetary award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, (iv) prevent or prohibit the Executive from participating, cooperating, or testifying in any charge, action, investigation, or proceeding with, or providing information to, any self-regulatory organization, governmental agency or legislative body, and/or pursuant to the Sarbanes-Oxley Act of 2002 or any other whistleblower protection provisions of state or federal law or regulation, or (v) prevent or prohibit the Executive from filing, testifying, participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud, or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

(c) Defend Trade Secrets Act. Executive acknowledges that Executive is hereby notified, in accordance with the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b), that: (i) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, in each case solely for the purpose of reporting or investigating a suspected violation of law; (ii) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal and (B) does not disclose the trade secret except pursuant to court order.

(d) 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 other than your personal assistant; or

(ii) solicit or encourage any talent, production companies, vendors, advertisers (including, without limitation their agencies or representatives), sponsors, distributors, customers, suppliers, agents, consultants or independent contractors with which the Company or any of its subsidiaries does business to discontinue or reduce in any material respect their relationship with the Company or its subsidiaries.

(e) 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 to the Company 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 and at the Company's sole expense, 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 the Company's Chief Legal Officer or his or her 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 10(e) 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. Notwithstanding anything to the contrary contained herein, with respect to any works to the extent owned by the Company or any of its affiliates that were developed by you (and not jointly developed by anyone else within the Company or any of its affiliates) during the Term, and (i) that the Company, within ninety days following a written request provided by you to the Board (delivered to the General Counsel of the Company) which describes such works in reasonable detail, declines to further develop or exploit or (ii) if the Company does not so decline, for which good faith steps to further develop and/or exploit are not taken by or for the Company or any of its affiliates within twelve months after the General Counsel's receipt of such written request (which may be extended for up to twelve additional months if the Company determines reasonably necessary for business purposes), then such works will be assigned to you by the Company and you shall be free to further develop and/or exploit such works in any manner without restriction. The Company's failure to respond to your request within such ninety days shall be deemed such a declination.

(f) 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, 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, unless prohibited by law 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, 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, unless prohibited by law you shall give advance notice to the Company's Chief Legal Officer of such testimony 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.

(g) 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.

(h) Non-Disparagement. During the Term hereof and for one (1) year following the termination or expiration hereof 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; provided, however, that nothing herein shall prevent the Company (including its officers and directors) or you from responding or answering truthfully if required to by applicable law or compelled by process of law or in order to enforce or defend rights under this Agreement or any other agreement to which you and Company or any of its affiliates are parties..

(i) 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 10(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.

(j) Survival; Modification of Terms. The rights and obligations set forth under paragraphs 10(a) through (j) 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 10(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 that you have elected to waive your right to receive, or to continue to receive, termination payments and benefits under paragraphs 11(d)(i) through (iv); and provided, further, that your obligations under paragraphs 10(a) through (i) shall cease if the Company breaches any of its payments obligations under this Agreement and such breach remains uncured for 30 days following the Company's receipt of your written notice of such breach. You and the Company agree that the restrictions and remedies contained in paragraphs 10(a) through (i) 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.

11. 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, other than amounts accrued and unpaid through the date of termination and amounts and benefits specified in Section 11(e). "Cause" shall mean exclusively: (i) Executive's conviction of, the entering of a guilty plea or plea of nolo contendere or no contest (or the equivalent), with respect to embezzlement, fraud or other conduct that constitutes a felony (other than traffic-related citations); (ii) willful unauthorized disclosure of Confidential Information in violation of this Agreement; (iii) your material breach of a material provision of this Agreement; (iv) your gross misconduct or gross neglect in the performance of your duties hereunder; provided, however, that such conduct has a material adverse effect on the business of the Company and its subsidiaries taken as a whole; (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, provided, however, that such violation has a material adverse effect on the business of the Company and its subsidiaries taken as a whole. The Company will give you written notice prior to terminating your employment pursuant to (iii), (iv), (v), or (vi), of this paragraph 11(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 11(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. In addition, you shall have the right to appear before the Board with legal counsel and have the determination of cause determined by a majority vote.

(b) Good Reason Termination. You may terminate your employment under this Agreement for Good Reason at any time by written notice to the Company. Prior to the Transition Date, "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 diminution in your prior authority, duties, or responsibilities, including, without limitation, your removal as Chairman, President and Chief Executive Officer of the Company; (ii) a requirement that you report to someone else other than the Board; (iii) a material diminution prior in the budget over which you retain authority (except for good faith budget adjustments necessitated by the legitimate business needs of the Company); (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; or (v) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement. After the Transition Date, "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) your removal as Executive Chairman of the Board or a material diminution in your authority, duties and responsibilities set forth in Section 2(b) or (ii) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement. 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 you learn that such event or condition 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 you learn that such event or condition exists. For the avoidance of doubt, "Good Reason" shall not include the appointment of a new Chief Executive Officer effective on or after January 1, 2019.

(c) Termination Without Cause. The Company may terminate your employment under this Agreement without Cause at any time during the Term by written notice to you at least 30 days prior to the date of such termination. In the event your employment is terminated pursuant to this paragraph, in addition to the payments and benefits referenced in paragraph 11(d) below, you shall be paid $15,000 for tax and financial planning services. The payment shall be a fixed amount payable in a lump sum within 30 days of the termination of employment. For the avoidance of doubt, neither the transition to Executive Chairman in accordance with the express provisions of this Agreement nor the expiration of the Term shall constitute a termination without Cause hereunder.

(d) Termination Payments/Benefits. In the event that your employment terminates under paragraph 11(b) or (c), you shall thereafter receive the following, less applicable deductions and withholding taxes:

(i) A lump sum payment equal to three times your Annual Salary, as in effect on the date on which your employment terminates. Such payment shall be made within thirty (30) days of the termination of your employment;

(ii) A lump sum payment equal to any earned but unpaid bonus under the Annual Incentive Plan for the year prior to the year in which your employment terminates;

(iii) A lump sum payment equal to your Annual Incentive that would have been payable for the calendar year of your termination under the Annual Incentive Plan if you had remained employed for the entire year, based on actual performance during the entire year and without regard to any discretionary adjustments that have the effect of reducing the amount of your Annual Incentive (other than discretionary adjustments applicable to all senior executive officers in the plan who did not terminate employment), pro-rated for the portion of the year through the date of termination. Such payment shall be made at the same time that payments are made to other participants in the Annual Incentive Plan for that year 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 for the year of termination;

(iv) A lump sum payment equal to two times your target Annual Incentive in effect on the date on which your employment terminates. Such payment shall be made within thirty (30) days of the termination of your employment;

(v) Any outstanding equity awards (including but not limited to, the One-Time LTI Grant and the Succession LTI Grant) shall immediately vest in full, with all vested options (including options vesting pursuant to this subclause (iv)) remaining exercisable for the remainder of their original terms; provided, however, that any outstanding performance-based restricted shares granted with a performance period commencing after January 1, 2014 will only become fully vested at the end of the applicable performance period, and then only to the extent that the Company achieved the applicable performance goals for that performance period;

(vi) To the extent you (and/or your spouse or eligible dependents) are enrolled in a Company medical and/or dental plan at the time your employment terminates and you elect to continue such coverage under COBRA or you are eligible for and elect early retiree medical benefits, the Company shall continue, for the 24-month period beginning on the date of your termination of employment, to provide to you and/or your spouse or eligible dependents medical and/or dental coverage substantially equivalent to the coverage provided to you and/or your spouse or eligible dependents immediately prior to the date of your termination of employment; and

(vii) The Company shall take all steps reasonably necessary to continue the life insurance coverage pursuant to the policy then covering the employees of the Company (and if the policy cannot be continued in its then-current form, the Company shall exercise any required conversion features to continue the policy) in the amount then furnished to the Company employees, at no cost to you, until the end of the Term. 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.

(e) Termination of Benefits. Notwithstanding anything in this Agreement to the contrary (except as otherwise provided in paragraph 11(d) with respect to medical and dental benefits and life insurance and except for your rights to indemnification and coverage under the directors' and officers' insurance policies maintained by the Company), 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.

(f) 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 11(f) 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.

12. Severance Contingent on Release and Waiver Agreement. If you execute and do not later revoke or materially violate the Release and Waiver Agreement in a form materially similar to the document attached hereto as Exhibit E, you will be entitled to the benefits

described in paragraphs 11(d) in the event that your employment terminates under paragraphs 11(b) or (c). The Release and Waiver Agreement must be executed by you and become effective and irrevocable in accordance with its terms no later than the thirtieth (30th) day following termination of your employment (the "Release Date"), or such longer period as required by law.

13. 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 Plan, will be at least "3.0." 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. In addition, in the event you are eligible for benefits under the Change in Control Plan, you shall also be entitled to receive the following: i) reasonable outplacement services for eighteen months following termination of employment; and ii) reimbursement for reasonable legal expenses (up to $75,000) if you are required to enforce your rights under the Change in Control Plan. The reasonable legal expenses described in the immediately preceding sentence, if any, must be incurred by you during the two-year period immediately following your termination of employment and shall be paid to you within 10 calendar days following the expiration of that two-year period, provided that you shall have submitted an invoice for such legal expenses at least 30 calendar days prior to the expiration of that period. The amount of legal expenses, if any, that the Company is obligated to pay in any given calendar year shall not affect the legal expenses that the Company is obligated to pay in any other calendar year, and your right to have the Company pay any such legal expenses may not be liquidated or exchanged for any other benefit.

14. Non-Exclusivity of Rights; No Mitigation/No Offset. 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. 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. In the event of any termination of employment, you shall be under no obligation to seek other employment and, except as otherwise provided herein, there shall be no offset against or reduction of amounts due to you on account of any remuneration or benefits provided by any subsequent employment you may obtain. Except to the extent provided in Section 10 hereof, the Company's obligation to make any payment pursuant to, and otherwise perform its obligations under, this Agreement shall not be affected by any offset, counterclaim or other right that the Company may have against you for any reason.

15. 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.

16. 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 20 business days after receipt by the Company of a written requests 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 it 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.

17. 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 Ken Lefkowitz, Esq., Hughes Hubbard & Reed LLP, One Battery Park Plaza, NY, NY 10004, and, if to the Company, to the Chairperson of the Compensation Committee of the Board (or any person or 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 days following such mailing.

18. 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 permitted 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.

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

20. 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.

21. Entire Understanding. Except where specifically stated otherwise herein, this Agreement (together with the Exhibits hereto) 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; provided, however, that, any of your rights to payments or benefits arising prior to the Effective Date, including without limitation any rights with respect to outstanding Annual LTI Grants awarded under the Prior Agreement, shall be governed by the Prior Agreement and applicable award agreements which shall remain enforceable in accordance with their terms.

22. 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.

23. 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 and any property (including shares of the Company's Class A Common Stock), benefits and perquisites provided to you under this Agreement shall be taxable to you as may be required under applicable law.

24. Compliance with Section 409A of the Code.

(a) Section 409A of the Internal Revenue Code ("Section 409A") imposes payment restrictions on "separation pay" (i.e., payments owed to you upon termination of employment). Failure to comply with these restrictions could result in negative tax consequences to you, including immediate taxation, interest and a 20% penalty tax. It is the Company's intent that this Agreement be exempt from the application of, or otherwise complies with, the requirements of Section 409A. Specifically, any taxable benefits or payments provided under this Agreement are intended to be separate payments that qualify for the "short-term deferral" exception to Section 409A to the maximum extent possible, and to the extent they do not so qualify, are intended to qualify for the involuntary separation pay exceptions to Section 409A of the Code, to the maximum extent possible. If neither of these exceptions applies, then notwithstanding any provision in this Agreement to the contrary:

(i) All amounts that would otherwise be paid or provided during the first six months following the date of termination shall instead be accumulated through and paid or provided (together with interest on any delayed payment at the applicable federal rate under the Internal Revenue Code), on the first business day following the six-month anniversary of your termination of employment.

(ii) 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, except as otherwise provided with respect to the reimbursement of reasonable legal expenses pursuant to Section 13, 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.

(b) For purposes of this Agreement, “termination of employment’ or words or phrases to that effect shall mean a “separation from service” within the meaning of Section 409A.

[Signature page follows]

If the foregoing correctly sets forth our understanding, please sign, date and return all three (3) copies of this Agreement to the undersigned for execution on behalf of the Company; after this Agreement has been executed by the Company and a fully-executed copy returned to you, it shall constitute a binding agreement between us.

Sincerely yours,

SCRIPPS NETWORKS INTERACTIVE, INC.

Cynthia L. Gibson
Executive Vice President, Chief Legal Officer

ACCEPTED AND AGREED:

____
Kenneth W. Lowe

Dated:

EXHIBIT A

SUCCESSION PLANNING REQUIREMENTS

For the period from the Effective Date through December 31, 2018, you shall use good faith efforts to identify and recommend to the Board one or more candidates to succeed you as Chief Executive Officer of the Company. Good faith efforts shall mean:

- Commencing the search process promptly following the Effective Date, with the goal of a new Chief Executive Officer being appointed no later than January 1, 2019.
- Identifying and interviewing executive search firms that in your good faith judgment are suitable to conduct a search for qualified candidates.
- Selecting and negotiating the terms of the engagement of an executive search firm to conduct the search.
- Assisting the executive search firm in identifying the necessary and appropriate qualifications of candidates for the position.
- Interviewing candidates identified by the executive search firm, including attending meetings and, as appropriate, social functions with such candidates.
- Cooperating with the reasonable requests of the Board in connection with the search and transition process, including considering and evaluating candidates identified by the Board.
- Considering and evaluating internal candidates who in your good faith judgment are qualified for the position.
- Attempting in good faith to groom any internal candidates for the position.
- Evaluating both external and internal candidates identified during the search process and recommending one or more candidates for consideration by the Board.
- Attempting in good faith to comply with the timeline and milestone requirements reasonably established by the Board for identifying, interviewing and evaluating potential candidates, which will take into account the possible need to evaluate additional candidates if those initially identified are not appointed.

EXHIBIT B

ONE-TIME LTI GRANT AWARD AGREEMENT

SCRIPPS NETWORKS INTERACTIVE, INC.
RESTRICTED SHARE UNIT AGREEMENT

Summary of Restricted Share Unit Grant

Scripps Networks Interactive, Inc., an Ohio corporation (the "Company"), grants to the Grantee named below, in accordance with the terms of Scripps Networks Interactive, Inc. 2015 Long-Term Incentive Plan (the "Plan") and this Restricted Share Unit Agreement (the "Agreement"), the following number of Restricted Share Units, on the Date of Grant set forth below:

Name of Grantee:	Kenneth Lowe
Number of Restricted Share Units:	157,928
Date of Grant:	August 30, 2016

Terms of Agreement

1. Grant of Restricted Share Units. Subject to and upon the terms, conditions, and restrictions set forth in the Plan and this Agreement (including the related Acceptance of Award located on the Plan administrator's website, which is fully incorporated herein), the Company hereby grants to the Grantee as of the Date of Grant, the total number of share units (the "Restricted Share Units") set forth above. Each Restricted Share Unit shall represent the contingent right to receive one Class A Common Share of the Company ("Share") and shall at all times be equal in value to one Share. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof.

2. Vesting of Restricted Share Units.

(a) Subject to the satisfaction of the vesting requirement in Section 2(b), the Restricted Share Units shall vest as follows: (i) thirty percent (30%) on December 31, 2017, (ii) thirty percent (30%) on December 31, 2018 and (iii) forty percent (40%) on December 31, 2019 (each date, a "Vesting Date") (subject to rounding conventions adopted by the Company from time to time; provided that in no event will the total Shares issued exceed the total units granted under the award), provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through the applicable Vesting Date.

(b) The grant of Restricted Share Units hereunder is made subject to Section 13 of the Plan and is intended to qualify for the Performance-Based Exception under Section 162(m) of the Code. The Restricted Share Units shall be eligible to become vested on the Vesting Dates set forth in Section 2(a), subject to the condition that the Company shall have obtained positive "adjusted net income" for fiscal year 2017 or, if the condition is not satisfied for fiscal year 2017, fiscal year 2018. "Adjusted net income" shall mean "net income" determined in accordance with Generally Accepted Accounting Principles ("GAAP") as applied in the Company's audited financial statements for fiscal year 2016, adjusted to neutralize the effects of any of the following: (i) acquisitions or dispositions (including associated costs), (ii) investments in new businesses, (iii) position eliminations or reductions in force having the effect of accelerating costs, (iv) signification litigation (including any litigation costs or settlements), (v) impairment charges, (vi) imposition of any new tax, fee or surcharge by any government or regulatory entity or (vii) changes in GAAP or in the application of GAAP. The condition set forth in this Section 2(b) shall automatically be deemed satisfied without any further action of the Compensation Committee upon the occurrence of a Change in Control of the Company.

(c) Notwithstanding Section 2(a) or Section 2(b), the Restricted Share Units that have not yet vested under this Section 2 shall immediately vest if, prior to the applicable Vesting Date, the Grantee ceases to be employed with the Company and its Subsidiaries by reason of death or Disability (defined by reference to the long-term disability plan covering the Grantee that is maintained by the Company or a Subsidiary).

(d) Notwithstanding Section 2(a), but subject to the requirements of Section 2(b), the Restricted Share Units that have not yet vested under this Section 2 shall vest if, prior to an applicable Vesting Date, the Company and its Subsidiaries terminate the Grantee's employment other than for Cause, death or Disability, or the Grantee terminates his employment with the Company and its Subsidiaries for Good Reason, such vesting to be effective as of the later of (i) the effective date of such termination of employment or (ii) the earlier of (x) the date that the Compensation Committee certifies in writing that the "adjusted net income" requirement set forth in Section 2(b) has been satisfied in accordance with Section 13 of the Plan or (y) the occurrence of a Change in Control of the Company. For purposes of this Section 2, "Cause" and "Good Reason" shall have the definitions ascribed to them in the Grantee's employment agreement. For the avoidance of doubt, a Change in Control shall occur under the Plan if any Person becomes a Beneficial Owner of a majority of the voting power represented by the voting shares of the Company, excluding, however, any person that is or becomes a party to the Scripps Family Agreement.

(e) The Change in Control provisions of Section 20 of the Plan shall not apply to the Restricted Share Units.

3. Forfeiture of Restricted Share Units. The Restricted Share Units that have not yet vested pursuant to Section 2 (including without limitation any right to dividend equivalents described in Section 6 hereof relating to dividends payable on or after the date of forfeiture) shall be forfeited automatically without further action or notice if the Grantee ceases to be employed by the Company or a Subsidiary other than as provided in Section 2.

4. Payment. Except as may be otherwise provided in this Section 4, the Company shall deliver to the Grantee (or the Grantee's estate in the event of death) the Shares underlying the vested Restricted Share Units within sixty (60) days following the date that the Restricted Share Units become vested in accordance with Section 2.

5. Dividend, Voting and Other Rights. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof.

6. **Payment of Dividend Equivalents**. From and after the Date of Grant and until the earlier of (a) the time when the Restricted Share Units are paid in accordance with Section 4 hereof or (b) the time when the Grantee's right to payment of the Restricted Share Units is forfeited in accordance with Section 3 hereof, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, the Grantee shall be entitled to a cash amount equal to the product of (i) the dollar amount of the cash dividend paid per Share on such date and (ii) the total number of unpaid Restricted Share Units credited to the Grantee as of such date (the "Dividend Equivalent"). The Dividend Equivalent shall be paid to the Grantee at the same time that the related dividend is paid to the holders of Shares. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

7. **Amendments**. Subject to the terms of the Plan, including without limitation Section 22(d) thereof, the Committee may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto.

8. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

9. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. This Agreement (including the related Acceptance of Award located on the Plan administrator's website, which is fully incorporated herein) and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan.

10. **Successors and Assigns**. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the permitted successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

SCRIPPS NETWORKS INTERACTIVE, INC.

Cynthia L. Gibson
Executive Vice President, Chief Legal Officer

Kenneth W. Lowe

Dated:

EXHIBIT C

SUCCESSION LTI GRANT AWARD AGREEMENT

SCRIPPS NETWORKS INTERACTIVE, INC.
RESTRICTED SHARE UNIT AGREEMENT

Summary of Restricted Share Unit Grant

Scripps Networks Interactive, Inc., an Ohio corporation (the "Company"), grants to the Grantee named below, in accordance with the terms of Scripps Networks Interactive, Inc. 2015 Long-Term Incentive Plan (the "Plan") and this Restricted Share Unit Agreement (the "Agreement"), the following number of Restricted Share Units, on the Date of Grant set forth below:

Name of Grantee:	Kenneth Lowe
Number of Restricted Share Units:	39,482
Date of Grant:	August 30, 2016

Terms of Agreement

1. **Grant of Restricted Share Units**. Subject to and upon the terms, conditions, and restrictions set forth in the Plan and this Agreement (including the related Acceptance of Award located on the Plan administrator's website, which is fully incorporated herein), the Company hereby grants to the Grantee as of the Date of Grant, the total number of share units (the "Restricted Share Units") set forth above. Each Restricted Share Unit shall represent the contingent right to receive one Class A Common Share of the Company ("Share") and shall at all times be equal in value to one Share. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof.

2. **Vesting of Restricted Share Units**.

(a) The Restricted Share Units shall become vested on the earlier of: (i) appointment by the Company of a new Chief Executive Officer or (ii) January 1, 2019; unless, in the case of clause (i) or (ii), Grantee has failed to perform in all material respects the succession planning requirements set forth on Exhibit A hereto, as determined by the Board of Directors in good faith, which failure is not cured within thirty (30) days following Grantee's receipt of written notice from the Company of such failure.

(b) The grant of Restricted Share Units hereunder is made subject to Section 13 of the Plan and is intended to qualify for the Performance-Based Exception under Section 162(m) of the Code. The Restricted Share Units shall be eligible to become vested upon the date set forth in Section 2(a), subject to the condition that the Company shall have obtained positive "adjusted net income" for fiscal year 2017 or, if the condition is not satisfied for fiscal year 2017, fiscal year 2018. "Adjusted net income" shall mean "net income" determined in accordance with Generally Accepted Accounting Principles ("GAAP") as applied in the Company's audited financial statements for fiscal year 2016, adjusted to neutralize the effects of any of the following: (i) acquisitions or dispositions (including associated costs), (ii) investments in new businesses, (iii) position eliminations or reductions in force having the effect of accelerating costs, (iv) signification litigation (including any litigation costs or settlements), (v) impairment charges, (vi) imposition of any new tax, fee or surcharge by any government or regulatory entity or (vii) changes in GAAP or in the application of GAAP. The condition set forth in this Section 2(b) shall automatically be deemed satisfied without any further action of the Compensation Committee upon the occurrence of a Change in Control of the Company. For the avoidance of doubt, a Change in Control shall occur under the Plan if any Person becomes a Beneficial Owner of a majority of the voting power represented by the voting shares of the Company, excluding, however, any person that is or becomes a party to the Scripps Family Agreement.

(c) Notwithstanding Section 2(a) or Section 2(b), the Restricted Share Units that have not yet vested under Section 2 shall immediately vest if: the Grantee ceases to be employed with the Company and its Subsidiaries by reason of death or Disability (defined by reference to the long-term disability plan covering the Grantee that is maintained by the Company or a Subsidiary).

(d) Notwithstanding Section 2(a), but subject to the requirements of Section 2(b); the Restricted Share Units that have not yet vested under Section 2 shall vest if: the Company and its Subsidiaries terminate the Grantee's employment other than for Cause, death or Disability or the Grantee terminates his employment with the Company and its Subsidiaries for Good Reason, such vesting to be effective as of the later of (i) the effective date of such termination of employment or (ii) the earlier of (x) the date that the Compensation Committee certifies in writing that the "adjusted net income" requirement set forth in Section 2(b) has been satisfied in accordance with Section 13 of the Plan or (y) the occurrence of a Change in Control of the Company. For purposes of this Section 2, "Cause" and "Good Reason" shall have the definitions ascribed to them in the Employment Agreement dated August 30, 2016 between the Grantee and the Company.

(e) Notwithstanding Section 2(a) or Section 2(b), the Restricted Share Units that have not yet vested under Section 2 shall immediately vest upon the occurrence of a Change in Control while the Grantee is employed by the Company or any Subsidiary.

3. Forfeiture of Restricted Share Units. The Restricted Share Units that have not yet vested pursuant to Section 2 (including without limitation any right to dividend equivalents described in Section 6 hereof relating to dividends payable on or after the date of forfeiture) shall be forfeited automatically without further action or notice if the Grantee ceases to be employed by the Company or a Subsidiary other than as provided in Section 2.

4. Payment. The Company shall deliver to the Grantee (or the Grantee's estate in the event of death) the Shares underlying the vested Restricted Share Units within sixty (60) days following the date that the Restricted Share Units become vested in accordance with Section 2.

5. Dividend, Voting and Other Rights. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof.

6. Payment of Dividend Equivalents. From and after the Date of Grant and until the earlier of (a) the time when the Restricted Share Units are paid in accordance with Section 4 hereof or (b) the time when the Grantee's right to payment of the Restricted Share Units is forfeited in accordance with Section 3 hereof, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, the Grantee shall be entitled to a cash amount equal to the product of (i) the dollar amount of the cash dividend paid per Share on such date and (ii) the total number of unpaid Restricted Share Units credited to the Grantee as of such date (the "Dividend Equivalent"). The Dividend Equivalent shall be paid to the Grantee at the same time that the related dividend is paid to the holders of Shares. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

7. Amendments. Subject to the terms of the Plan, including without limitation Section 22(d) thereof, the Committee may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto.

8. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

9. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. This Agreement (including the related Acceptance of Award located on the Plan administrator's website, which is fully incorporated herein) and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan.

10. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the permitted successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

SCRIPPS NETWORKS INTERACTIVE, INC.

Cynthia L. Gibson
Executive Vice President, Chief Legal Officer

Kenneth W. Lowe

Dated:

EXHIBIT A TO SUCCESSION AWARD

SUCCESSION PLANNING REQUIREMENTS

For the period from the Effective Date through December 31, 2018, you shall use good faith efforts to identify and recommend to the Board one or more candidates to succeed you as Chief Executive Officer of the Company. Good faith efforts shall mean:

- Commencing the search process promptly following the Effective Date, with the goal of a new Chief Executive Officer being appointed no later than January 1, 2019.
- Identifying and interviewing executive search firms that in your good faith judgment are suitable to conduct a search for qualified candidates.
- Selecting and negotiating the terms of the engagement of an executive search firm to conduct the search.
- Assisting the executive search firm in identifying the necessary and appropriate qualifications of candidates for the position.
- Interviewing candidates identified by the executive search firm, including attending meetings and, as appropriate, social functions with such candidates.
- Cooperating with the reasonable requests of the Board in connection with the search and transition process, including considering and evaluating candidates identified by the Board.
- Considering and evaluating internal candidates who in your good faith judgment are qualified for the position.
- Attempting in good faith to groom any internal candidates for the position.
- Evaluating both external and internal candidates identified during the search process and recommending one or more candidates for consideration by the Board.
- Attempting in good faith to comply with the timeline and milestone requirements reasonably established by the Board for identifying, interviewing and evaluating potential candidates, which will take into account the possible need to evaluate additional candidates if those initially identified are not appointed.

EXHIBIT D

<u>LIST OF DIRECT COMPETITORS*</u>

AMC Networks Inc.

CBS Corp.

Discovery Communications, Inc.

Liberty Global, PLC

Lions Gate Entertainment Corp./CN/

Starz

Time Warner Inc.

Twenty-First Century Fox Inc.

Viacom, Inc.

The Walt Disney Company

Comcast Corporation

A&E Television Networks, LLC

* *Including any successor to the foregoing entities by merger, reorganization or otherwise*

EXHIBIT E

RELEASE AND WAIVER AGREEMENT

This Release and Waiver Agreement (the "Agreement") is entered by and between (the "Executive") and Scripps Networks Interactive, Inc. (the "Company").

WITNESSETH:

WHEREAS, the Company and Executive entered into that certain Employment Agreement dated August 30, 2016 (the "Employment Agreement");

WHEREAS, paragraph 12 of the Employment Agreement specifically provides that the Executive is required to sign and not revoke this Agreement to receive the payment of certain severance benefits under that paragraph following termination of employment;

WHEREAS, the Company and Executive desire to enter into this Agreement to give effect to the foregoing; and

NOW, THEREFORE, in consideration of the mutual promises contained herein and in the Employment Agreement and other valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Reference and Definitions. The Employment Agreement shall be incorporated herein for reference, but only to the extent specifically called for hereunder. The capitalized terms contained in this Agreement shall, to the extent they are the same as those used in the Employment Agreement, shall carry the same meaning as in the Employment Agreement.

2. Severance and Other Benefits. In consideration for Executive executing and not revoking or materially violating this Agreement and for his/her compliance with its terms and those certain Covenants that shall survive the Employment Agreement, the Company shall provide the payments and benefits described in paragraph 11 of the Employment Agreement (the "Severance Benefits") at the times set forth in the Employment Agreement.

3. General Release and Waiver of Claims. In exchange for and in consideration of the Severance Benefits, Executive, on behalf of himself/herself and his/her 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 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/her employment relationship with the Company, the ending of his/her employment on ___________, 20__, or those arising out of the Employment Agreement. 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 Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, the Americans With Disabilities Act, and any similar state or local laws. 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/her 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. any right arising under, or preserved by, this Release or the Employment Agreement;

4. Notwithstanding anything to the contrary in paragraph (3) above, nothing herein shall release (i) Executive's right to indemnification under (w) applicable corporate law, (x) the by-laws or certificate of incorporation of the Company or any of its affiliates, (y) any other agreement other than the Employment Agreement between Executive and the Company or any of its affiliates or (z) as an insured under any director's and officer's liability insurance policy now or previously in force; (ii) Executive's rights to payments or benefits, or the intellectual property rights granted to Executive, under the Employment Agreement or this Agreement; (iii) any claim for benefits under any health, disability, retirement, life insurance or similar employee benefit plan of the Company; or (iv) Executive's rights as a shareholder of the Company.

5. No Admission of Liability. It is understood and agreed that this Agreement is a compromise of any alleged claims and that the making of this offer, the entering into of this Agreement, and the benefits paid to Executive are not to be construed as an admission of liability on the part of the Company, and that all liability is expressly denied by the Company.

6. Severability/Waivers. Executive agrees that if any provision of this Agreement shall be held invalid or unenforceable, that such provision shall be modified to the extent necessary to comply with the law, or if necessary stricken, but the parties agree that the remainder of this Agreement shall nevertheless remain in full force and effect. No waiver of any term or condition of this Agreement or any part thereof shall be deemed a waiver of any other terms or conditions of this Agreement or of any later breach of this Agreement.

7. Binding Agreement. The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding on, the Company and its successors and permitted assigns, and the rights and obligations (other than obligations to perform services) of Executive under this Agreement shall inure to the benefit of, and shall be binding upon, Executive and his/her heirs, personal representatives and successors and assigns.

8. 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 Ken Lefkowitz, Esq., Hughes Hubbard & Reed LLP, One Battery Park Plaza, NY, NY 10004, and, if to the Company, 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 days following such mailing.

9. Governing Law. 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, Tennessee 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 the Executive's employment with the Company, or from the termination of the 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.

10. Revocation Period. Executive agrees that Executive has read this Agreement and is hereby advised and fully understands his/her right to discuss all aspects of this Agreement with Executive's attorney prior to signing this Agreement. Executive has carefully read and fully understands all of the provisions of this Agreement. Executive acknowledges that he/she has been given at least twenty-one (21) days to discuss, review, and consider all of the terms, conditions, and covenants of this Agreement. Executive understands that this Agreement does not become effective or enforceable until seven (7) days after it has been executed by Executive. During the seven-day period following its execution, Executive may revoke this Agreement in its entirety by providing written revocation to the Company by notice to the Company pursuant to paragraph 8, in which case this Agreement shall be on no further legal force or effect.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the date(s) specified below.

SAMPLE RELEASE ONLY
DO NOT SIGN

EXECUTIVE	SCRIPPS NETWORKS INTERACTIVE, INC.
Name: (please print)	By:
	Its:
	Date:
Signature:	
Date:	
Witness's Signature:	
Date:	

EXHIBIT 31(a)
Section 302 Certifications

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 7, 2016

BY: /s/ Kenneth W. Lowe
Kenneth W. Lowe
Chairman, President and Chief Executive Officer

EXHIBIT 31(b)
Section 302 Certifications

CERTIFICATIONS

I, Lori A. Hickok, 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 7, 2016

BY: /s/ Lori A. Hickok
Lori A. Hickok
Executive Vice President and Chief Financial Officer

EXHIBIT 32(a)
Section 906 Certifications

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, 2016 (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 7, 2016

EXHIBIT 32(b)
Section 906 Certifications

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

I, Lori A. Hickok, 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, 2016 (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/ Lori A. Hickok
Lori A. Hickok
Executive Vice President and Chief Financial Officer

November 7, 2016