

COMMONWEALTH OF MASSACHUSETTS

NORFOLK, ss.

SUPERIOR COURT DEPARTMENT
OF THE TRIAL COURT

BARRY H. SCRIPPS,

Plaintiff,

v.

EDWARD W. SCRIPPS,
BETTY KNIGHT SCRIPPS AND
PULITZER COMMUNITY
NEWSPAPERS, INC., f/k/a SCRIPPS
LEAGUE NEWSPAPERS, INC.,

Defendants.

Civil Action No. 96-02160

ANSWER OF DEFENDANTS
EDWARD W. SCRIPPS AND BETTY KNIGHT SCRIPPS

Defendants Edward W. Scripps and Betty Knight Scripps ("Mr. and Mrs. Scripps") hereby answer the Complaint of plaintiff Barry H. Scripps ("Barry") as follows:

INTRODUCTION

This case is about the ingratitude of a privileged son. Plaintiff Barry H. Scripps has sued his own mother Betty Scripps, and his adoptive father Edward Scripps, as well as the company (Pulitzer Community Newspapers, Inc., f/k/a Scripps League Newspapers, Inc.) which Mr. and Mrs. Scripps recently sold to Pulitzer Publishing Company. That business -- Scripps League Newspapers -- was created over a more than forty-seven-year period by the

joint efforts of Mr. and Mrs. Scripps, who began at the time of their marriage in 1950 with a handful of small-town newspapers and by 1996 had built a successful national business of more than 20 newspapers. Throughout his adult life, Barry has benefited handsomely from the generosity of his parents, through substantial gifts of cash and stocks, including at one point a gift of \$1,000,000, on which they also paid a gift tax. Moreover, Mr. and Mrs. Scripps provided Barry with well-paid employment, and promoted him to increasing levels of responsibility until he resigned as Executive Vice-President in early 1984. Indeed, even after Barry's resignation, after only seven years as Executive Vice-President, his parents enabled him to stay on the company payroll by providing him with a newly created position as Executive Director for Special Projects. Barry's conduct left his parents in substantial doubt that he had the ability, maturity, or judgment to run a major enterprise such as Scripps League Newspapers. Nor did Mr. Scripps or Mrs. Scripps wish to continue to carry the burdens of management themselves. Accordingly, in July 1996, Mr. and Mrs. Scripps caused the business they had created and nurtured to be sold to Pulitzer Publishing Company. As a result of that sale, Barry stands to receive \$11,000,000. Barry wants more, and so has brought this lawsuit, but Mr. and Mrs. Scripps deny his claims of "life-long promises" of "permanent employment" and "management and control." There were no promises, "life-long" or otherwise.

FIRST DEFENSE

Answering specifically the allegations contained in the numbered paragraphs of plaintiff's Complaint, defendants Mr. and Mrs. Scripps:

1. State that paragraph 1 contains conclusions of law to which Mr. and Mrs. Scripps are not required to plead, but, if an answer is required: admit that the amount that plaintiff purports to put in controversy exceeds \$25,000.

2. State that paragraph 2 contains conclusions of law to which Mr. and Mrs. Scripps are not required to plead, but, if an answer is required: deny the allegations of paragraph 2.

3. Admit that at the time the Complaint was filed Barry was 51 years old and deny the remaining allegations of paragraph 3 for lack of knowledge or information sufficient to form a belief as to the truth thereof.

4. Admit that at the time the Complaint was filed Mr. Scripps was 87 years old and that he was the co-founder, Chairman of the Board, President, Chief Executive Officer, and Treasurer of Scripps League Newspapers, Inc. ("Scripps League"); state that Mr. Scripps is the adoptive father of Barry, is a resident of Palm Beach, Florida, and, since 1976, has -- along with Mrs. Scripps -- held the majority of the shares of Scripps League; and deny the remaining allegations of paragraph 4.

5. Admit that at the time the Complaint was filed Mrs. Scripps was 70 years old, that she is the wife of Mr. Scripps, to whom she has been married for 47 years, and that Barry is her son; state that she has served as Vice Chairman and Corporate Secretary of Scripps League Newspapers, and that she is a resident of Palm Beach, Florida; and deny the remaining allegations of paragraph 5.

6. State that, at the time of the sale to Pulitzer Publishing Company, the stock of Scripps League Newspapers was held only by Mr. and Mrs. Scripps and by The Edward W.

Scripps and Betty Knight Scripps Charitable Remainder Unitrust, and admit the remaining allegations of paragraph 6.

7. Deny that Scripps League Newspapers is an "offshoot" of the company founded by Mr. Scripps' grandfather E.W. Scripps more than a century ago; and otherwise admit the allegations of paragraph 7.

8. State that disputes occurred within the family of E.W. Scripps, Mr. Scripps' grandfather, in the 1920's, and further state that at that time a predecessor company to Scripps League was formed it included five newspapers that formerly had been part of E.W. Scripps' empire; and deny the remaining allegations of paragraph 8.

9. Deny that Scripps League Newspapers was an "offshoot" of the company founded by E. W. Scripps; state that Mr. and Mrs. Scripps worked together in building Scripps League Newspapers from a handful of newspapers in 1950 into a successful national business; and admit the remaining allegations of paragraph 9.

10. Deny the allegations of paragraph 10.

11. Admit that Barry joined Scripps League immediately after graduating from the University of Arizona, Tucson; deny the allegation that Barry "contemplated pursuing a journalistic career outside Scripps League" for lack of knowledge or information sufficient to form a belief as to the truth thereof; and deny the remaining allegations in paragraph 11.

12. Admit that Barry was given several different positions at Scripps League Newspapers, admit that one of those positions was Publisher of one of the Scripps League newspapers, and admit that Mr. and Mrs. Scripps named Barry to the Executive Vice-President position in 1976; and deny the remaining allegations contained in paragraph 12.

13. Admit that Mr. and Mrs. Scripps divided the existing Scripps League company with Mr. Scripps' brother and purchased the ownership interest held by Mr. Scripps' sister, admit that those actions substantially increased the outstanding debt of Scripps League Newspapers, and admit that Mr. and Mrs. Scripps did not take the company public; deny that the divisions of property with Mr. Scripps' siblings resulted from disagreement as to whether to take the company public; and deny the remaining allegations of paragraph 13.

14. Admit that Barry at times traveled as part of his jobs at Scripps League Newspapers, that Barry at times attempted to implement necessary austerity measures requested by Mr. and Mrs. Scripps, and that Barry had some responsibility for employee issues during his time as Executive Vice President; and deny the remaining allegations of paragraph 14.

15. Admit that Mr. and Mrs. Scripps obtained complete control of Scripps League Newspapers following the transactions with Mr. Scripps' siblings and that Mr. and Mrs. Scripps did not in fact take the company public; and deny the remaining allegations of paragraph 15.

16. Admit that Barry formally was divorced from his first wife in or about 1986; state that Scripps League Newspapers did in early fact continue in business after the transactions with Mr. Scripps' siblings; and deny the remaining allegations of paragraph 16 for lack of knowledge or information sufficient to form a belief as to the truth thereof.

17. Admit that Barry formally resigned as Executive Vice-President of Scripps League Newspapers in early 1984, that Barry had disputes with Mr. and Mrs. Scripps prior to his resignation, and that Mr. and Mrs. Scripps enabled Barry to remain on the company

payroll by providing him with a newly created position as Executive Director for Special Projects; and deny the remaining allegations of paragraph 17.

18. State that any correspondence written by Mr. Scripps to Barry speaks for itself and must be read in the context in which it was written and deny the remaining allegations of paragraph 18.

19. State that any correspondence written by Mr. and Mrs. Scripps to Barry speaks for itself and must be read in the context in which it was written; and deny the remaining allegations of paragraph 19.

20. Deny that Mr. or Mrs. Scripps ever promised Barry that ownership and control of Scripps League would remain in the family and that the company ultimately would be turned over to Barry, deny that any action by Barry could have been taken in reliance upon such a non-existent promise, and deny the remaining allegations of paragraph 20 for lack of knowledge or information sufficient to form a belief as to the truth thereof.

21. Deny the allegations of paragraph 21.

22. Admit that Barry sold his children's shares in Scripps League Newspapers -- shares that had been given by Mr. and Mrs. Scripps to Barry's children -- to the company in 1989, and state that those sales, for which Barry's children received approximately \$415,000, were by mutual desire of Barry and Mr. and Mrs. Scripps; deny that Mr. and Mrs. Scripps ever promised Barry that ownership and control of Scripps League would remain in the family or that the company ultimately would be turned over to Barry, and deny that any action by Barry could have been taken in reliance upon such a non-existent promise; and deny the

remaining allegations of paragraph 22 for lack of knowledge or information sufficient to form a belief as to the truth thereof.

23. Deny the allegations of paragraph 23.

24. Deny the allegation of paragraphs 24.

25. Admit that Mr. Scripps was interviewed by Jack Casserly in 1992; deny the allegations set forth in paragraph 25 as written; and state that whatever statements were made by Mr. Scripps to Mr. Casserly speak for themselves and must be viewed in the context in which they were made.

26. Deny the allegations in paragraph 26.

27. Admit that in 1991 Mr. Scripps fell, apparently resulting from a cardiac and cerebrovascular event and thereafter had a heart pacemaker implanted; admit that as a result of the events of 1991, and the general aging process, Mr. Scripps' health has deteriorated; deny the remaining allegations of paragraph 27.

28. Deny the allegations of paragraph 28.

29. Admit that Mrs. Scripps, from time to time, signed Mr. Scripps' name on corporate and other documents at Mr. Scripps' direction or with her own authority pursuant to a durable power of attorney; and deny the remaining allegations of paragraph 29.

30. State that the negotiations with Pulitzer, a public company, regarding a possible purchase were confidential; deny the allegations in the first and third sentences of paragraph 30 for lack of knowledge or information sufficient to form a belief as to the truth thereof; and deny the remaining allegations of paragraph 30.

31. Admit the first sentence in paragraph 31; state that Mr. and Mrs. Scripps, as majority shareholders and directors of Scripps League, and as directors of the subsidiaries, directed that each company purchase the shares of all minority shareholders through a lawful merger or reverse stock split and the exercise of stock buy-back rights, and then proceeded with the sale to Pulitzer Publishing Company; and deny the remaining allegations of paragraph 31.

32. Admit that SLN Service Co. terminated Barry's employment effective June 30, 1996; and deny the remaining allegations of paragraph 32.

33. Admit the allegations of paragraph 33.

34. Admit that at the time the Complaint was filed Barry was 51 years old and admit that he has not received severance pay; deny that Mr. or Mrs. Scripps promised Barry that he would have a fulfilling career and place in the family legacy throughout his adult life, and deny that any action by Barry could have been taken in reliance upon such a non-existent promise; and deny the remaining allegations of paragraph 34 for lack of knowledge or information sufficient to form a belief as to the truth thereof.

Count I

35. Restate and incorporate by reference their answers to paragraphs 3 through 34.

36. Deny the allegations of paragraph 36.

37. Deny the allegations of paragraph 37.

38. Deny the allegations of paragraph 38.

39. Deny the allegations of paragraph 39.

Count II

- 40. Restate and incorporate by reference their answers to paragraphs 3 through 34.
- 41. Deny the allegations of paragraph 41.
- 42. Deny the allegations of paragraph 42.
- 43. Deny the allegations of paragraph 43.
- 44. Deny the allegations of paragraph 44.

Count III

- 45. Restate and incorporate by reference their answers to paragraphs 3 through 34.
- 46. Deny the allegations of paragraph 46.
- 47. Deny the allegations of paragraph 47.
- 48. Deny the allegations of paragraph 48.

Count IV

- 49. Restate and incorporate by reference their answers to paragraphs 3 through 34.
- 50. Deny the allegations of paragraph 50.
- 51. Deny the allegations of paragraph 51.

Count V

- 52. Restate and incorporate by reference their answers to paragraphs 3 through 34.
- 53. Deny the allegations of paragraph 53.
- 54. Deny the allegations of paragraph 54.
- 55. Deny the allegations of paragraph 55.

Count VI

- 56. Restate and incorporate by reference their answers to paragraphs 3 through 34.

57. Deny the allegations of paragraph 57.

58. Deny the allegations of paragraph 58.

Count VII

59. Restate and incorporate by reference their answers to paragraphs 3 through 34.

60. Deny the allegations of paragraph 60.

61. Deny the allegations of paragraph 61.

62. State that allegations in the Complaint not specifically admitted are denied.

SECOND DEFENSE

63. Plaintiffs' Complaint fails to state a claim upon which relief can be granted.

THIRD DEFENSE

64. There is no personal jurisdiction over Mr. or Mrs. Scripps.

FOURTH DEFENSE

65. Plaintiff's claims are barred by applicable statutes of frauds.

FIFTH DEFENSE

66. Plaintiff fails to state a claim because the sale of Scripps League Newspapers of which he complains was fair to all shareholders.

SIXTH DEFENSE

67. Mr. and Mrs. Scripps had no fiduciary or other duty to disclose the information allegedly concealed from plaintiff.

SEVENTH DEFENSE

68. To the extent plaintiff seeks rescission or any other form of equitable relief, such equitable claims are barred by traditional principles of equity jurisprudence. Pulitzer Publishing

Company's purchase of the stock of Scripps League was a bona fide purchase for value that was based on the understanding that plaintiff had no continuing ownership or other interest in Scripps League or any of the Scripps League subsidiaries that Pulitzer Publishing Company acquired in the transaction. Plaintiff's interest in Scripps League and those subsidiaries were repurchased or otherwise eliminated weeks before the closing of the transaction with Pulitzer Publishing Company, but plaintiff took no action to assert his dissenter's rights or otherwise challenge the repurchase or elimination of his interests during the period before closing of the transaction. In reliance upon the understanding that plaintiff's interests had been repurchased or otherwise eliminated, Pulitzer Publishing Company and third parties have substantially changed their positions in ways that make it impossible to restore the status quo ante. The balance of hardships precludes any claim for equitable relief. Plaintiff's claims are barred by unclear hands, laches, and/or waiver. Having sat on his rights until after closing of the transactions, plaintiff may not now seek to undo them.

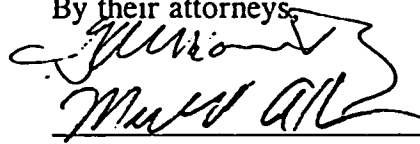
EIGHTH DEFENSE

69. Even if an oral contract had existed between Barry and Mr. and Mrs. Scripps that the ownership and control of Scripps League would remain in the family and that the company ultimately would be turned over to Barry, an allegation that Mr. and Mrs. Scripps vigorously dispute, any such contract was conditioned on whether, in the judgment of Mr. and Mrs. Scripps, Barry proved himself to be a competent executive capable of managing Scripps League in the best interest of its shareholders; after many years of Barry's service as an officer of Scripps League and frequent disagreements with him over management policy leading to Barry's voluntary

resignation as Executive Vice President of Scripps League, Mr. and Mrs. Scripps judged that Barry was not capable of assuming these responsibilities.

Defendants Edward W. Scripps and Betty Knight Scripps demand a trial by jury.

By their attorneys,



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ATTORNEYS FOR EDWARD W. SCRIPPS
AND BETTY KNIGHT SCRIPPS

Dated: January 8, 1997

CERTIFICATE OF SERVICE

I hereby certify that the foregoing is a true and correct copy of the above documents as served upon attorney of record for each party, by mail/ by hand

Date: 1/8/97 M. P. Allen

TIME STRAINING CERTIFICATE

I hereby certify that the foregoing is being filed within the time designated under Standing Order No. 1-88

M. P. Allen 1/8/97