TEGNA, Inc.

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Unidentified Participant: [To] kick off our next presentation, we're delighted to have the team from TEGNA here with us today. They are going to present. I'll introduce them in a moment, and I will moderate some Q&A, assuming we have time at the end. I do have the Crowd Mics app up here. So, please send any questions our way.

With us today, we have Gracia Martore, President and CEO of TEGNA; Dave Lougee, President of TEGNA; Victoria Harker, CFO; and Alex Vetter, who's President and CEO of Cars.com. And with that, I'll turn it over to Gracia.

Gracia Martore: Good morning, everyone, and thank you, all, for joining us today. We're happy to be back this year. And we're looking forward to updating you on the successes we are achieving at TEGNA.

Before we dive in, please take a look at the monitors for our forward-looking statement disclosure.

Okay. Today, I have with me Dave Lougee, President of TEGNA Media; Alex Vetter, President of Cars.com, who will both update you on their respective businesses. And then Victoria Harker, our CFO, will cover our financial outlook for the remainder of the year as well as for 2017.

TEGNA has had a terrific record-setting year in 2016. We've made strong progress on all fronts and expect to finish the year with substantially higher revenue and profitability compared to last year. Each of our businesses continues to successfully execute their respective growth strategies while maintaining cost discipline.

Now, TEGNA Media saw record Olympic advertising this year, thanks in part to our strong NBC footprint, which other than the networks is unmatched. We also continue to benefit from growing retransmission revenues, which will increase approximately 30% in 2016. We expect that strong growth will continue next year as we have a significant number of retransmission negotiations that are being completed.

The highly unusual nature, and I don't have to tell you this, of this year's presidential election meant that we did not achieve the record political revenue we were anticipating. However, we did see significant growth in both congressional and gubernatorial election spending compared to the past presidential election cycle. We continue to be confident that TEGNA is exceptionally well positioned to deliver strong advertising revenue in future election years, presidential or otherwise.

Now, as we move beyond the political season and look beyond 2016, we see growth tied to the diversification of our revenue streams within TEGNA Media, particularly with regard to digital initiatives.

In a few moments, Dave is going to be providing you with more color on some of our go-forward initiatives and the ways in which we are fine-tuning our innovative strategy to drive growth in 2017 and beyond.

Just like TEGNA Media, TEGNA Digital is growing and innovating to stay ahead of competitors and industry trends. At Cars.com, we continue to see gains in direct channel revenue, and we are expecting our recent acquisition of car dealer review site DealerRater to add meaningful value in the quarters and years to come.

This is an exciting time for Cars.com. We continue to see marketers and advertisers shift more and more dollars toward digital initiatives. And at the same time, auto remains one of the fastest-growing advertising categories.

As we look to the future of this business, these industry tailwinds, coupled with the enhanced flexibility Cars.com will enjoy as a standalone company, will accelerate our progress. Alex is going to be covering some of the initiatives that are in development as well as those already underway at Cars.com to ensure we capitalize on these favorable industry trends and maximize value.

CareerBuilder had a very productive year as well, returning to growth and accelerating sales across all its human capital solutions. CareerBuilder's prehire platform is the most innovative solution on the market. No one else in the industry is offering the same mix of recruitment advertising, software and services, and employers are very pleased with the time and cost savings it has provided for them.

And now, CareerBuilder is moving into posthire solutions with its recent acquisition of WORKTERRA, a leading innovator in Cloud-based benefits administration and talent management. This move will open up new revenue streams and serve our customers in an even more robust way.

CareerBuilder recently announced a collaboration with Google and plans to use the Google Cloud Jobs API to power job search on the site and other CareerBuilder products. CareerBuilder has begun leveraging Google's extensive search and machine learning capabilities to make job search results faster and more relevant.

We believe the marriage of Google search expertise and CareerBuilder's deep knowledge and understanding of the human capital management space is a natural fit. And we look forward to accelerating that innovation.

CareerBuilder had one of its best third quarters in the Company's history and is headed for a strong fourth quarter. While job postings will continue to experience pricing pressure, which we have factored into all of our projections, there is strong organic growth in CareerBuilder's software solutions, resume database, and managed services lines.

CareerBuilder anticipates revenue growth in the mid-single digits year-over-year in the fourth quarter. Now that CareerBuilder is covering both prehire and posthire needs as an end-to-end

human capital management company, there's even greater opportunity. And we expect good strong revenue trends to continue.

We are progressing on our strategic review process for CareerBuilder. Interest in the business is very high. And we are confident that we, along with our partners, will find a solution that maximizes value, both for shareholders, and puts CareerBuilder in the best position to succeed for its customers and its employees.

With respect to the spinoff Cars.com announced in September, we continue to be on track to complete the spin in the first half of 2017.

With that, let me turn it over to Dave Lougee, who as you know is President of TEGNA Media and will soon be CEO of TEGNA. Dave?

Dave Lougee: Thank you, Gracia. And good morning to all of you. As we forecasted, 2016 was a year of records for TEGNA Media. We'll have a record year for revenue, a record year for EBITDA, and our stations outperformed our markets, producing a record revenue share for our division.

Our focus and investment in innovation for 2017 and beyond has been key to that growth. And I'll talk more about that shortly. But, first, let me talk more about 2016 and specifically the fourth quarter.

Fourth quarter will be a record revenue quarter for us. Taking calendar changes into account, net revenue is projected to be 17% to 18% above last year. As reported, net revenue is projected to be towards the high end of the range previously reported of 12% to 15%. Our revenue growth stems from increases in retrans, political advertising, and digital revenues.

Now, about political, as Gracia referenced, our fourth quarter political advertising will finish at $90 million. The effect of this unprecedented presidential election on the industry is pretty well known at this point. Together, Donald Trump and Hillary Clinton raised far less money than the two parties' candidates did in both 2012 and 2008.

For TEGNA specifically, Trump had an additional effect. He changed our competitive footprint for this year, taking Colorado and Virginia out of play until the very final days. And major market Senate races in Ohio, Colorado, and Florida also turned noncompetitive by the fourth quarter.

Full-year political will be $154 million, including $36 million of presidential spend. But, compared to 2012, our 2016 political revenue estimate is down, but that delta is almost all presidential. As Gracia referenced, it's notable that spending for the Senate, House, and governors' races for TEGNA this year exceeded 2012 by 17%. So, this was not an across-the-board issue. It was all about the presidential anomaly.

And looking ahead to future presidential elections, it's again notable that many experts are forecasting that, by 2020, Texas and Arizona may well be purple states. And given that we are in 84% of Texas, that would be a material upside for us.

Turning to core pace in the fourth quarter, it's continued to improve since Election Day and is continuing to do so. And December is now flattish if we -- and also improved since Election Day is the NFL ratings performance, which has gotten some attention. Since Election Day, ratings in our markets are up 15% for the NFL.

Regarding retransmission and net retransmission, let me first address the one-time hit so-called retrans gap of new retrans reverse compensation payments coming next year, which we've been talking about for some time. Specifically, again, we'll be making reverse compensation payments for the first time in 11 of our large NBC stations.

We'll be covering that one-time gap in two ways. First, the retrans top line, as we stated in the past, we will have reset the rates on 42% of our subscribers by the end of this month. We expect 2017 retransmission revenue to grow between 17% and 21%, reaching a number between $680 million and $705 million. As a result, we expect that net retrans gap in 2017 to be between $48 million and $55 million.

Second, as we've discussed with you over time, we have several core and adjacent innovation initiatives well underway that will fill that gap. These initiatives will produce this year $30 million of EBITDA, as we have said. And they're ramping up nicely to provide for the contribution we need to more than cover that 2017 retrans gap.

Our innovation initiatives are reinventing our business, innovations like Hatch, our centralized marketing solutions group, combined with our new pricing and business intelligence initiative, a comprehensive content innovation plan, and Premion, our newly launched over-the-top ad services business, are all positively impacting our business and advancing the way we meet our consumers' and customers' needs.

These initiatives, bolstered by ongoing operational efficiencies and excellence, will yield approximately $70 million and $80 million of increased EBITDA next year, more than covering that net retrans gap.

First, let's talk about content innovation. Our scale has allowed us to invest in comprehensive content and digital innovation initiatives. Our focus on data-driven editorial processes, new storytelling formats, unique visual presentations, and more, are all helping to deliver content audiences demand when and where they want it.

This year, we saw audience gains in our linear products for new talent-driven shows and formats focused on authentic new types of personalities and different more informal presentations. We saw significant share gains from new production styles on digital and social platforms. And we saw ratings gains from these new data-driven editorial processes.

On the revenue side, our investments in a centralized team of pricing experts and analysts paired with historical data modeling of our Nielson data is giving us a unique advantage.

TEGNA Media is taking a disciplined data-driven approach to pricing. With a laser focus on markets and inventory, we are resetting rates using a proprietary software solution that we have built.

This part of our business is very young. But, already, the share gains I referenced in 2016 are doing great part to this new capability and help drive a lot of the revenue growth Gracia alluded to with our Summer Olympic Games.

Now, about Premion, a new business we're very excited about, we're making a significant investment in the over-the-top ad services business with Premion. It's the first company to provide local and regional advertisers access to long-form OTT content.

We received enormously positive reception from both programmers and local and regional advertisers. Our roster of programmers currently gives us access to more than 80 premium content suppliers and is expanding by the week.

Now, the topic of OTT distribution of our affiliates -- the marketplace is now playing itself out with our direct involvement. And we are enthusiastic about the opportunity and economics these new services provide us.

Broadcast affiliates are the number one channel that OTT providers need to launch new skinny bundles, whether a new entrant like YouTube or a traditional player like DirecTV and Dish. These services are being rolled out now, as you know, and are being rolled out first in large markets. And given the size and strength of our markets and stations, we are perfectly positioned to benefit from this next-generation of distribution of our stations.

We are in very productive conversations with these distributors and our network partners. And the economics will be comparable to the economics of our traditional MVPD world, with one important very positive caveat over the long-term. Some of these services, at lower price points, we believe will bring in new consumers to the pay TV universe, growing over time the number of pay TV homes.

These are just a few examples of what we believe are the smart, aggressive moves that TEGNA Media is making. Our focus on innovation has become a competitive advantage in the space. And in 2017, you can expect to see a lot more.

With that, I'll turn it over to my partner Alex Vetter to discuss Cars.com.

Alex Vetter: Thank you, Dave. Good morning, everyone. I'm happy to report on the progress we're making at Cars.com. Cars.com launched in 1998 as one of the first digital automotive marketplaces. And today, 18 years later, we've built one of the strongest consumer brands and businesses in this space. Simply put, we empower consumers, and we enable retailers.

Millions of consumers trust our independent expert editorial opinions to guide them through one of life's most important decisions. Our automotive technology runs across platforms and enables consumers to make decisions at every stage of car ownership, researching, shopping, selling, or servicing your car. And when it comes to cars, everyone needs a friend in the auto business.

And our retailers, our advertisers, and partners are operating in a hyperlocal universe that has not been a priority for other technology companies. Cars.com enables local operators to be successful.

The Cars.com platform has grown to be a leading online destination for car shoppers and owners. And fully one-third of all US vehicle sales are researched on Cars.com. To continue to be the leading marketplace and platform, we will help both consumers and advertisers win.

Our focus on consumer technology and digital tools has driven a high-growth, high-margin business with strong, dependable cash flows and the scalability for expansion and revenue growth. We have a robust sales and service infrastructure. And we expect to have a capital structure and allocation strategy that aligns with our needs as a growth business once our spinoff is complete.

Our strategy is simple, to continue to be a leader in share of audience and remain the trusted platform of choice for digital automotive media spend. By drawing more shoppers or site traffic and providing those shoppers more meaningful connections to our dealer network, our consumer-

first strategy will drive advertiser results. Ultimately, leads are converted to customers, improving revenue per dealer, and opening up even more digital advertising spend.

Part of our mission is to help consumers by providing objective, independent, and trusted advice at every stage of car ownership. Our platform combines automotive expertise and user reviews and feedback that drives decisions on what to buy and where to buy it, with a mobile-centric approach that inspires confidence all the way through the point of sale.

We were recently named number one in overall satisfaction for our mobile site by JD Power and Associates, reinforcing our critical role as a cross-device decision-making engine that moves consumers through the ownership cycle.

We're proud to be a leader and remain vigilant about maintaining our user experience that creates value as consumer progressively migrate their purchase decisions across devices.

And we've already begun expansion beyond car purchase transactions with our recent entry into the sell-and-trade and service-and-repair categories. As we position ourselves as a key player in the full ownership lifecycle, we create new opportunities for advertising revenue and become even more relevant to consumers. With approximately 20,000 dealers listing roughly 4.5 million vehicles on our platform, our consumer reach is unrivaled in the industry.

We're laser focused on building and maintaining a large high-quality ready-to-transact audience to help our advertisers win. Our competitive strengths provide advertisers with targeted integrated solutions. And these competitive strengths include the following:

First, our site traffic, we have more than 31 million monthly visits to Cars.com and a high-quality ready-to-transact audience to offer to our advertisers. Our brand, we're widely recognized and trusted as an unbiased third-party research platform. We also have the ability to customize our solutions. We have digital marketing strategies designed to meet the specific needs of our auto advertisers or auto manufacturers.

And we have geographic scale. We have unique technology-advanced product offerings that allow our advertisers of various sizes and geographic reaches to optimize their marketing spend with us.

And finally, we have a local impact. We have localized advertising capabilities and a highly talented on-the-ground team of more than 600 digital marketing consultants with outstanding customer relationships. We believe the future of this business relies on an evolution in a way that we measure and define value.

We're moving from measuring our ability to deliver digital leads to measuring our ability to deliver walk-in traffic and buyers onto dealer lots, ultimately, our ability to influence purchases. We have taken the first critical step towards offline sales attribution with our lot insights geosensing technology.

In the third quarter, we averaged 3 million traditional leads or connections with our local dealers, including e-mails, phone calls, and texts. But, when we factor in our mobile business, we're generating nearly 3 million more physical leads that aren't consistently recognized within the industry.

Conservatively, advertising revenue in this business has the potential to double as we transition our metrics. As a category leader, Cars.com is driving this change and the way the industry measures and defines value. We're already seeing traction amongst the larger and more sophisticated national dealers. As we succeed in convincing local dealers to embrace the change in consumer behavior, we will see even greater returns.

Now, our acquisition strategy is designed to supplement our organic growth and enhance our core offerings to scale quickly, as resources across car ownership journey increase. Our recent acquisition of DealerRater makes us the largest automotive review platform in the world. And our breadth and depth serve as huge competitive advantages and allow us to make significant impact with every new market category we enter.

As we execute on our strategy, we're focused on three core growth drivers for Cars.com. First, the shift to digital spend is working in our favor and has positioned us to capture even greater market share. We have a significant opportunity to grow our market share as digital advertising spend in the US auto industry continues to increase. In a $37.5 billion industry, where local dealers account for nearly $21 billion of media, Cars.com today captures less than 3% of the market, yet we influence one-third of all vehicle sales.

Second, our increasing cross-device traffic and deepening consumer usage of our site will continue to enhance the quality of our audience for our advertisers. We're optimizing our experience for a faster, more efficient technology and speeding our pursuit of innovation. We will continue to focus on our mobile-first strategy, enhance our leadership role in both mobile and apps, now that more people are using their devices to shop for cars and seek service providers.

And finally, our differentiated product suite enables us to provide more targeted integrated solutions to advertisers, setting Cars.com apart as a partner in the industry. Our ability to offer customized solutions, leveraging one of the broadest and most innovative product arrays in the industry, coupled with our competitive and comprehensive digital marketing consulting capabilities, positions us as a true marketing and business partner for our advertisers.

And unlike some of our direct competition, we focus on both the new and used vehicle markets, making us less susceptible to market headwinds and providing us with a larger total addressable market.

Whether it's helping dealers build their used car inventory or access new customers with the support of our sell-and-trade products, enabling them to differentiate or promote their service departments through our RepairPal certified program, or empowering them to promote their digital reputations by leveraging online reviews and employee expertise across search engines and DealerRater, we provide customized digital marketing solutions designed to help our local retain partners win.

As we think about our growth drivers, it's important for our stakeholders to have a clear view of where our revenue comes from. In the third quarter, we were pleased with the approximately 8% growth in our total revenue.

Retail revenue, or revenue generated directly by the Cars.com salesforce, was up 11.5%. Total wholesale revenue from our affiliate newspapers and broadcasters was essentially flat compared to the third quarter of 2015.

While we're encouraged by increases in revenue from roughly 40% of our affiliates after a big push in sales and marketing support, the fact is we need to do better with the other 60%. And we are pursuing a wide range of options to do so.

Our largest revenue gains were with auto manufacturers and major dealer chains that have larger resources and apply a more sophisticated approach to measuring marketing effectiveness and are already focused on offline sales beyond digital generation of traditional leads. As I mentioned before, we're expanding this more sophisticated understanding of our value proposition to the local dealers in our network.

Now, let me provide you with a quick update on our products. Our DealerRater integration has moved swiftly. We're pleased with our pilot results and look forward to a national launch in early 2017.

We also see great opportunity through our expansion into new markets. We've quantified our sell-and-trade total addressable market at $380 million. And our service and repair is another market that we anticipate to generate incremental growth opportunity as we estimate this market to be approximately $250 million and growing every day.

Our overall objective is to build and acquire products that will continue to enhance our core offering and improve our position as a preeminent authority for car shoppers and owners as well as the leader in online automotive reviews.

Regarding our fourth quarter outlook, the seasonally adjusted annual rate for car sales has been flattening. According to [Burrell], the industry's consolidation is creating bigger dealerships that typically spend less on advertising per car. And large dealerships will outnumber small for the first time in 2017. Regardless, auto sales have been at an all-time high. And dealer profitability levels continue to be excellent.

For the fourth quarter, which historically is our seasonally softest, we expect our year-over-year revenue growth to be in the mid-single digits. This is primarily driven by two factors, performance challenges at several affiliates and what we believe is a one-time impact from our replatforming project.

Regarding the underperforming affiliates, we're continuing to work with them to improve performance, as we discussed on our third-quarter call. We're also looking at opportunities to regain control in certain territories and exploring other options related to these relationships. We expect the affiliate channel performance will have a negative 1% impact on the Cars.com total revenue in the fourth quarter.

On replatforming, we announced the completion of that strategically vital initiative on our third quarter earnings call. And we now have a much more robust and flexible Website that will enable us to accelerate innovation and speed the process of rolling out updates.

When we last communicated expectations for the back half of the year, we expected traffic to decline during the rollout, but there has been a greater impact in our retail channels during the fourth quarter than anticipated due to a lag in restoring our search engine position. We believe this impacted total Cars.com revenues in the fourth quarter by approximately 3%.

The good news is we're now seeing much better search engine positioning as well as green shoots and week-over-week improvements in organic lead conversion as well as solid gains in our SEO.

These positive results give us confidence in resuming growth trends. And we expect our traffic and revenue growth to accelerate into and throughout 2017.

Excluding the combined 4% impact of these two factors, we believe year-over-year revenue growth would be in the high single digits. With the work we have done to address both of these issues, the increasing acceptance of mobile leads across the industry, the growth of DealerRater and organic growth, we're optimistic about our growth prospects in 2017, especially as the year progresses.

With that, please join me in welcoming to the podium Victoria Harker, CFO of TEGNA.

Victoria Harker: Good morning, everyone. As Gracia has already mentioned, 2016 was a very strong year for TEGNA by almost any measure. I'd like to briefly summarize our expectations for our financial results in the fourth quarter and the full year that you've been hearing about from Gracia, Dave, and Alex.

As a reminder, as we've mentioned previously, the conversion to a calendar year after the spinoff of our publishing assets last year results in three fewer days in the fourth quarter comparative results this year, impacting media segment revenue by about $10 million.

While we obviously won't close the chapter on 2016 until the end of the month, based on the trends we currently see, we're very comfortable with the consensus EPS estimate for the fourth quarter.

Now, I'd like to give you a bit more color on the drivers of the fourth quarter financial performance. As we mentioned on our third quarter earnings call, media segment revenue growth is expected to be up at the high end of the range for the fourth quarter.

This is driven in part by the $90 million of political advertising revenue and retransmission revenue growth of approximately 20% to 22%. Retransmission revenue continues to grow significantly at a slightly lower rate than this year due to lapping of agreements negotiated during the second half of last year.

Now, turning to our digital segment, for the fourth quarter, we project the consolidated revenue for both Cars.com and CareerBuilder will be up in the mid-single digits compared to last year, reflecting continued growth in Cars.com and CareerBuilder.

For the full-year 2016, we project total Company revenue to be over $3.3 billion, higher than last year by about 10%, driven by strong growth in the media segment and higher digital segment revenues. Media segment revenue is expected to be up approximately 15% for the full year, driven by over $154 million of political advertising revenue, a record $56 million in advertising related Summer Olympics, and robust growth in retransmission revenues.

Digital segment revenues for the year are expected to be up by over 3%, driven by solid growth at Cars.com and higher CareerBuilder revenue. As a result, we project free cash flow of $560 million to $590 million for the year, reflecting our strong operating results within both segments, with adjusted EBITDA estimated to be over $1.2 billion.

In terms of capital allocation, you'll likely recall that, earlier this year, we extinguished $193 million in maturing 10% senior notes, resulting in a net reduction of annual interest expense of about $14 million.

Beyond this, in early November, we accelerated the redemption of the $70 million remaining on our 7.25% notes, which were due to mature in September of 2018. The early redemption results in a total net reduction of interest expense of approximately $5 million over the next two years.

We also amended our revolving credit agreement to increase it by $103 million and borrowed $300 million under a new four-year term loan due in 2020. As a result, we expect to finish the year with $4.1 billion to $4.2 billion in long-term debt, producing a leverage ratio of approximately 3.4 times.

Our capital investments during the year reflect digital product and feature development for both segments, as well as investments and media segment content and the programing initiatives Dave discussed earlier. Finally, we expect to invest $90 million to $95 million in capital projects for the full year.

As you know, we temporarily suspended our share repurchase program ahead of announcing the Cars.com spinoff, but did reinitiate some limited buying in November. Through the end of November, we've repurchased 6.6 million shares for of a total of $156 million. In addition, we paid dividends totaling approximately $122 million. As a result, we have returned approximately $276 million to shareholders thus far in 2016.

Now, as we look forward to 2017, we expect it to be yet another transformational year, with the start of two independent market leading publicly traded companies subsequent to the Cars.com spin during the first half of the year.

We expect media segment revenue to grow in the low to mid-single digits, despite the challenge of overcoming more than $210 million of very high margin revenue from political and Summer Olympics advertising.

Beyond this, we're pleased with the expected revenue growth at Cars.com. Assuming a robust automotive marketplace continues and interest rates increase moderately, Cars.com revenue is projected to be up in the high single digits as we pursue opportunities to address revenue performance issues at some of our affiliates.

And our replatforming initiative continues to gain traction. As you heard from Alex previously, week-over-week gains in search engine optimization productivity gives us confidence in these trends.

All in all, we expect media segment expenses to be up approximately 20% in 2017. Excluding programing fees, expenses in the media segment are projected to be up low to mid-single digits, supporting higher revenue growth and business initiatives.

Capital expenditures for 2017 are expected to be in the range of $110 million to $115 million, with the year-over-year increase largely reflecting Cars.com's one-time corporate headquarters relocation expenditures.

During the year, we once again expect the majority of our capital investment to be in online digital infrastructure products, feature development, as well as technology and automation enhancements across the entire company.

For 2017, depreciation is projected to be approximately $95 million to $100 million, slightly over our estimate for 2016, driven by the digital segment. Amortization of about $115 million is in line with 2016.

The tax rate is anticipated to be roughly in the 34% range, although obviously, we'll continue to assess the tax planning opportunities.

Overall, we're very pleased with our financial results in 2016 and look forward to continued success in 2017.

Unidentified Participant: Thank you, guys. I think we have time for a few questions here. So, maybe I can start off and ask maybe, as we just turn the clock back to last year as you guys were here sort of telling the TEGNA story for the first time post-publishing spin, it's obviously been a year of real strategic realignment and decisions around separating the business into its component pieces.

So, what can you share with us around that thinking? How much of that is simply a question of doing the right thing financially and financial arbitrage versus, strategically, was there anything different at the time you decided to acquire Cars.com and the decision to break into component pieces now?

Gracia Martore: No, I would say that, when we acquired Cars.com, it was part of our total transformation strategy that we had put together back in 2011 to invest in higher-margin, higher-growth businesses.

And at the time, what we said with respect to Cars.com was that, number one, they would benefit tremendously from having single ownership rather than the five owners that then owned them that had different strategic desires, different capital desires at the time.

And what we said was that, for 18 to 24 months, we wanted to have the leadership team totally focused on running the business, accelerating product innovation, and all of those important things in running a business, without, one, a sale process going on, which they had been putting up for about 12 to 18 months, and two, without having different strategic priorities from their owners.

And we said at the time when we were asked, what ultimately does the structure of the Company look like, that we would take a look at it after that 18- to 24-month period, and we would do what we perceived to be in the best interest of our shareholders for creating shareholder value. And that's exactly the process that the Board and I went through.

And we believe that the focus that will be brought to both of these businesses and the different needs and the different capital structures that they should have, given their different growth characteristics, are very important strategic issues for them. And we think this is the right thing to do at the right time.

Unidentified Participant: So, we obviously saw post the publishing spin seeing that publishing come out and behave differently as a standalone company than as part of the consolidated. I guess, maybe a question to you, Alex, are there things strategically on the roadmap that have been more challenging within the context of the combined portfolio that we should look to see with Cars as a standalone company?

Alex Vetter: No. I'd actually say the opposite. As Gracia said, moving to singular ownership allowed us to have a focused narrative on where we wanted to take the business and make strategic investments,

not only into the Company, which was a divergent path from where we had been with the five ownerships, who needed our growth to offset some of their core traditional business challenges.

So, we've spent the last two years rebuilding the executive team, making investments into the infrastructure, and building the efficiency into the business model for faster scale. And I think the DealerRater acquisition was a great example. Had we not made those investments in our infrastructure, we were able to within less than 90 days ingest all the review volume on an acquisition into our new platform. And so, that's an example of just one of the ways that the company is able to move much faster today than it ever was before in its prior structure.

Unidentified Participant: So, we do have a question from the audience. Keep them coming on Crowd Mics if you've got any burning questions out there. But, maybe this one is for Dave. If the new administration raises or eliminates ownership caps, would TEGNA acquire more stations? And how do you expect that further industry consolidation could play out?

Dave Lougee: I think there is a very positive potential regulatory environment around ownership under this administration. And just the time has come where I think logic is going to actually start to work in DC.

So, I think there's two different potential sets of changes, and they don't have the same path. So, the ownership cap, Commissioner Riley, one of the two Republican commissioners, has made it very clear he does not believe the FCC has the authority to raise the cap. So, the cap relief would have to be a congressional move, which may be a higher road.

But, I think the more likely potential and, for us, meaningful, would be a relief of the big four duopoly rules inside individual marketplace. For us, that would have some potential attractiveness to it with our other strategic peers out in the marketplace to be able to rationally consolidate assets, facilities, and newsrooms inside markets. And so, the quadrennial review that was just done is actually due again in 18 months in 2018. So, we see that favorable. As it relates to the cap, if there were cap relief, like anything, we would look at opportunities. But, again, it's going to have to make sense, not just does it have near-term accretive economics, but does it make long-term sense on a strategic basis?

Unidentified Participant: And what about potential action on the long-awaited and finally given up on local media consolidation and concentration of voices in the local media market? Any reason to believe that comes back on the agenda?

Dave Lougee: Yes. Yes, that's the one I was referring to the big four duopoly rules. That's all part of that family of in-market rules about eight voices and all that. And I am cautiously optimistic that there's going to be rational change on those rules during this administration.

Unidentified Participant: But, do you think beyond greater television consolidation in those markets that cross-media consolidation comes back to the fore?

Gracia Martore: It's not clear to me that there are folks that are dramatically pressing for that anymore. But, at the end of the day, I think we always believed that the rules around ownership of different media in the industry reflect the 1950s, not the 2010s or 2015s or 2020s. So, we would welcome that kind of logic and reason to prevail. But, I think the more important one for Dave and for our Company at this moment would be on the duopoly side.

Unidentified Participant: And then maybe just one last question. The political advertising stats you gave showing that the delta was really all presidential, if we have to guess now, does this presidential spending trend feel like a fluke, given the particular President-elect that we dealt with during this campaign, or do we think the direct-to-consumer social media channel has shown us something that's fundamentally going to change the future of political spending?

Dave Lougee: I think, on two things, just the overall revenue raised by both candidates was small because there was not enthusiasm about the candidates. Now, as it relates to the social media direct-to-consumer, I think it takes a celebrity. Okay. So, Donald Trump was unique in that now. So, if Kanye West runs for President in 2020, then all bets are off on direct-to-consumer on Twitter.

But, it certainly -- direct-to-consumer through social media is here. And it's going to be a meaningful piece of the equation for all political candidates, but more on the presidential side. But, when it comes to state and local elections, you're not going to win the US Senate on Twitter.

Unidentified Participant: Terrific. Well, thank you, guys for coming out. And thanks to all of you for joining the presentation.

Gracia Martore: Thank you.