Marci Ryvicker: All right, so I am very pleased to introduce Gracia Martore, President and CEO, and Dave Lougee, President of TEGNA Media, formerly known as Gannett, which you guys now know has the publishing segment.

For those of you unfamiliar with the Company, TEGNA has two main divisions, TEGNA Media, which includes 46 television stations in 38 markets covering 31% of the Country; and then TEGNA Digital which is comprised of Cars.com, which is a leading online destination for automotive consumers and Career Builder, the global leader in human capital solutions. TEGNA trades on the New York stock exchange under the ticker TGNA.

So thank you both so much for being here.

Gracia Martore: Thanks for having us.

Marci Ryvicker: I'm going to start on the media side and then I do want some time on Digital because I think people need still an understanding of that segment. So maybe we'll bounce back and forth.

But you were the first to report, at least in my space, and I don't think we appreciated how well trends are going in general for the industry. I think you posted core ad revenue growth of 1% in Q3. Q4 is pacing better. What's leading to the improvement? Is it just the displacement from political or do you feel like its true demand has picked up?

Gracia Martore: Let me start and then, Dave, I'll ask you to jump in. I think clearly there's some displacement because in the third quarter we had about $40 million of political last year. In the fourth quarter we had about $92 million of political last year.

But even over and above that displacement we're seeing more demand in a couple of key sectors for us, auto and retail, which did well in the third quarter but are doing better in the fourth quarter. But you might want to give a little more detail. Dave?

Dave Lougee: No, you said it well. And it is also, actually, we had a very good quarter last year on insurance which we're not this year, so, despite that, we are having a fairly decent quarter.
Gracia Martore: Yes when we looked at our, I think, top 10 categories in the third quarter, virtually every one of them was either flat to up. So I think we're seeing a kind of a continuation of that trend.

Marci Ryvicker: So, we get asked a lot about auto and if we -- its part of me feels like the better car sales are doing the less these guys have to advertise, so do you see correlation still with SAAR or how do you view auto advertising?

Gracia Martore: I think we see a little of it that dealerships have less pressure to toggle spending when SAAR is at 17.8 million units or whatever it's going to end up this year. So we probably see a little bit of that but I think there is also the fact not all dealerships are created equal. It depends on what brands you're talking about, what new introductions you might have that will drive some of that. But I think – it reminds me a little bit of real estate where when demand in the market gets to a point, realtors tend to back off their need to advertise as fiercely as they have.

But I think on the car side you see some folks that want to gain market share so they look at that opportunity as well. But, Dave?

Dave Lougee: Yes I would say, Marci, in our large markets it's a bigger Tier 2 business for us. In our smaller markets in which we have several, as well, it's Tier 3. And I'd say in both categories local TV is still a very important part of the mix.

And one thing I think for us from a performance standpoint we're doing a better job on is with both of them, but especially on Tier 3, is we're now taking soup to nuts marketing solutions for them. It is part of having our G/O Digital efforts to be able to bring them search and email as well as we're setting up a central marketing group in Texas called Hatch that allows us to bring very centralized good analytics and ideas for our local stations to take to them.

Marci Ryvicker: What about political? I know it's a huge topic now. We're not getting a lot of numbers for '16? When do you have a better feel for how big '16 can be?

Dave Lougee: It will be big. You never get much visibility on when it is going to be spent because whether they're PACs or candidates, they're holding their cards close to the vest. And frankly, given sort of the jump-ball quality of the GOP side, for obvious reasons, you don't have a terrible amount of visibility. But we think trends will follow previous years' patterns.

We'll see some in the fourth quarter but typically in the odd years you don't see much. We're not in -- we don't have a station in New Hampshire or Iowa like some of our brethren but we'll certainly start to see it pick up in the first quarter relative to the primaries and it will just be a steady path all year.

Gracia Martore: What we would like is for the front runners in the Republican side of it should be the guys spending the money and they're not right now. So we need a little bit of help on the mix, I think.

But I think at the end of the day it's going to be a tsunami between the PACs and the candidates and we would expect even more issue advertising as a percentage of the total than we've seen in previous years which is beneficial.
Dave Lougee: And for those of you who are new to us, we have a fantastic footprint. We are in the right places, Marci. We're in Ohio. We're in Florida. We're in Colorado. We're in North Carolina. We're in Virginia. So we're in the places where -- which are the same states that the battleground has been fought the last three elections.

Marci Ryvicker: Okay, net retrans is a big topic and you just did two big deals, one with DISH, one with CBS. It feels like things are pretty much as expected. I think the CBS one was big for you just from an investment perspective. It got rid of this overhang that I think people were nervous about. Are you having conversations with NBC already?

Gracia Martore: Yes, we have the former Belo stations, the four NBC affiliates from the former Belo stations. They come up at the end of this year. And the former Gannett stations, the 13 NBC affiliates don't officially come up until January of ’17. So obviously we're having conversations but we always demure and we don't negotiate in public. We think our best negotiations are done in private.

Dave Lougee: But we have strong relationship with them. We're important partners to each other. We way over index on our ratings for them across the country and we've always worked through all issues.

Marci Ryvicker: Think more of a partnership than--

Gracia Martore: Yes, it's important. Dave's point about over indexing. In the last Olympics four of the top five stations for NBC in the Olympics were TEGNA stations. When they have new programing like The Voice and other things, we tend to be a terrific partner for them and really drive audience.

Dave Lougee: And given how big a reach, we're 16% of the country, 15% of the country for them and so we work with them. If they're launching a new show, when they launched Fallen, when they launched The Voice years ago we partnered together. So it's really a very symbiotic relationship.

Marci Ryvicker: Got it. Another big topic is the incentive auction. I know you mentioned on your call that this is not a big thing for you. It's going to be more of a maybe they will channel-share or be channel-sharing host. Is that because you don't have a lot of duopolies or there's other things to do with your spectrum? You're not in the right markets?

Gracia Martore: Yes, I think as we've been saying all along, where we see the demand for spectrum is really sort of in the I-95 corridor from Boston to DC and in the western part of the country is L.A., San Francisco, maybe up into the northwest.

And so those aren't big markets for us. There may be one or two pieces that might be interesting in the auction from that perspective. But really where we see the most opportunity is on the channel side and I think there is several potential opportunities we have there. And we'll see how it all plays out, what the numbers look like and make decisions accordingly.

Marci Ryvicker: What is your view and strategy on original content?

Dave Lougee: We're very much invested in both the quantity and quality of program we're going to produce ourselves. The strength of our stations have always come from the strong local news that we have. And now we're trying to take that into other time periods as well. We just this summer did a 20-pilot tested partnership with Debmar-Mercury on a new show
named TD Jakes, which we're assessing now whether we'll take that to market or not. But the beauty of that model is with our scale.

We can do that. We can use stations to test new products on and not bet the farm without making some calculated decisions. We launched the Justice Network, a D2 channel early this year that we took an equity position in because with our 30% reach and our strong mothership marketing qualities of our main stations and that's doing very well. It's headed to 50% and over reach here in a few weeks.

And we, I think the day of the spin we announced an equity investment in a small technology startup called The Video Call Center because we see an opportunity for a lot of innovation in the local marketplace around OTT and our main platforms and others on new kinds of program that we can create with that technology, for instance, allows you to integrate Skype calls in the way a radio talk show controller could in the past at a very low cost model. We used our great station in Denver just recently to innovate and experiment with that technology around some passion topics like the Broncos and the now infamous GOP debate in Boulder.

Gracia Martore: And I think the other piece is that when you think about doing programming and production today, the costs are on very different models than what they were five or 10 years ago. So we can very cost effectively do a bunch of pilots and not impact in any material way our results but at the same time have some great laboratories for innovation across the Company.

Dave Lougee: And we're, given our distribution now, the strength of our stations, we're a sought after partner. So we're having lots of great conversations, both with traditional distributors as well as recently as this morning meeting with an OTT pure play company in the verticals that with the kind of calls and conversations a lot of interesting conversations around.

Marci Ryvicker: Speaking of OTT, are there any conversations going on with Apple that involve TEGNA?

Dave Lougee: So I'll take that one, Gracia.

Dave Lougee: Yes carefully, so we're very interested in all of the new OTT entrants so we won't speak specifically to any discussions and negotiations with any providers other than I'd just say generically, Marci, and you might have guessed this at the end of eConference as well, we're very bullish on the opportunity it provides us. I will tell you what is clear to us in conversations with companies that matter is that the integrated linear broadcast local stream is very important to consumers and those providers know they need that to get off the ground.

For instance, the current attempts at skinny bundles that haven't got off the ground are not off the ground because they don't have the broadcasters.

Marci Ryvicker: Did you hear Charlie Ergen's comment yesterday on his call? He was asked if broadcast is core to Sling and he did not hesitate to say yes and that was it and so that was a really important comment.

Do you want to move to Digital? So Career Builder, I think it's in the process of a transition just off where the services that's missing. I don't think people and we still don't understand it and how we should see the trajectory and the acceleration from quarter-to-quarter.
Gracia Martore: Sure.

Marci Ryvicker: So can you just explain exactly in terms what this is?

Dave Lougee: Sure, sure.

Gracia Martore: On our Investor Day back in June Matt Ferguson, who runs CareerBuilder and has done just a phenomenal job of CareerBuilder, talked a lot about the fact that 2015 was a year of transition and transformation for CareerBuilder and really it's a transition from being more of a job board to some more simplistic HR solutions to really using software in a subscription model hosted by us for the full suite of pre-hire and hire products that an HR department really needs. And it's not dissimilar to when you think about Sales Force and CRM and the Cloud or WorkDay and their financial and HR solutions. That's very much what CareerBuilder is morphing to.

And the benefit of that is obvious for the HR teams of these large companies because they have one provider that can give them a system solution on their hirings arena is incredibly important and they announced last week or the week before a Talent Network program which basically I think about as a CEO of my Company a couple of problematical things. I think about we get in all these resumes and then when I call down and say hey, do we have any resumes for such and such a job, we have to -- let's see, we have to go through all the resumes we got in and they're not in a terribly searchable way. Then I also have to go to every job board that we've advertised on. And then there's also professional social sites, etc.

And so we've come up with this solution through the Talent Network that basically allows you to search all of those in one fell swoop and so get one answer. So what does that help you do? It helps you to say okay I don't have to immediately jump to advertising for that job. I can actually search in a really easy way all the resumes I've got in, all the searches I have going on today.

So it's really using the technology to simplify the process for HR departments. So we talked about us being in big transformation at CareerBuilder to do that. The benefit of software as a service for CareerBuilder is you have stickier relationships with customers. You have longer relationships so instead of when you're advertising on a job board maybe that's a six or 12-month transaction. This is really a couple three-year contract that you have with a client. And then what we're seeing is the retention rates on those are far better. So I think overall we've seen an 80% plus retention rate and some of the products on the SaaS platforms a 90% plus retention rate.

Now it's a little different from an accounting perspective because unlike a job board where you're advertising and so I advertise the jobs, the revenue comes in. There's investment you have to make to bring customers up and get them on the software so there's some period of time where you don't have revenue recognition and then when you're fulfilling it so it's a longer process than more transactional business but we think it swamps the benefits that we get out of transactional business.

So, specifically in 2015 we did a couple of things. Number one, we had source and screen, which was a more transactional part of the business. At the beginning of the year we very specifically decided that we wanted to retrench from that part of the business because it was transactional and go more towards a platform search and screen. As a result of that, that probably impacted our growth rate by 2.5 percentage points.
We also had a bunch of small transactional customers that were disbursed among the entire sales force and what we realized is they weren't getting the attention they needed and some of them were really very thin margins so we made a determined effort to number one, take those away from the sales force, put them in a specialized unit. That causes some displacement but in fact what we've seen is a business that was trending downward has now got flattish to positive growth. So we knew that we were going to take those hits. We knew it was going to take us a year to 24 months to transition the business but as we look at it today based on what we did in 2015, the budget we're looking at for '16, we anticipate that we will see low to mid single-digit growth 2016 at CareerBuilder with our goal to ultimately get to double-digit growth towards the low double--

Marci Ryvicker: And that’s revenue?

Gracia Martore: Revenue, totally revenue in the fourth quarter of ’17 but we have to have this transition here. We specifically wanted to. We talked with our CareerBuilder partners and the team there and everybody wanted -- we felt this was the best thing to do for the business.

Marci Ryvicker: And clearly it's higher margin. I mean we've noticed maybe there are misses on revenue versus where we were but the bottom line was higher so that has to be the result of this transition.

Gracia Martore: That to me is a proof point that what we were saying is that we were taking out lower margin business is in fact the case when you see taking out revenue and the margin going up, that's a good thing and now we'll get the revenue trajectory growing back in '16 and get where we need to be.

Marci Ryvicker: Okay. Moving to cars.com, growth has been pretty healthy in '15. One of the questions we're getting is what do you do in '16 given tough comps so how do we think about organic growth in cars.com?

Gracia Martore: Yes cars.com has been a fantastic business and we are -- we acquired all of it back on October 1st of 2014 and it has exceeded our expectations, both from a top line as well as a bottom line perspective.

We believe that business to be a high single-digit growth business. That doesn't mean it's consistent every quarter.

Marci Ryvicker: Right.

Gracia Martore: For instance, in the fourth quarter of this year; in the fourth quarter of last year because we took ownership on October 1st we went ahead and put in a price increase for the affiliates that was sort of out of sequence so this year we won't take a price increase in the fourth quarter. We'll wait until January 1st. That will cost us a couple of percentage points, I think three percentage points of growth in the fourth quarter but that's okay because we need to get back to the January 1st cycle of price increases.

But what we see is we have organic growth coming from more dealers, price increases that we continue to put in, not just because we want to put in a price increase but we are showing that there's more value from the products that they have. We are putting together portfolios of products that add to the value that our customers, our dealers are getting out of the portfolio of products we have. And then also the march of more dollars coming out of traditional media like newspapers and radio etcetera going into digital spending.
Cars.com has the best brand recognition in the industry. It has a great business model. It has independent content. Consumer appreciate the content. We had DataLogics do some research for us that showed that in the second half of 2014, the last half of 2014 that 33% of the sales of cars that, new cars that happened, had gone to Cars to research them. So we feel very good about the trajectory of the cars business. 2016 it's not going to be evenly dispersed but we will see. We believe high single-digit, low double-digit growth at that business.

**Marci Ryvicker:** Okay. I want to see if anyone -- we have a packed room. Does anyone here have any questions before I keep going on? So raise your hand. All right I am going to keep going. If you do think of a question, just put your hand in the air and we'll get you a mic.

In terms of digital, one of the questions I also get asked is are you comfortable with organic growth? You looking to buy anything else here? Would you rather buy digital versus broadcast assets? How are you thinking about M&A in general?

**Gracia Martore:** Yes we are incredibly blessed with the fact that we have television stations run by Dave Lougee that have the best margins in the industry, 40% to 50% margins depending on whether it's a political year or non-political year.

We actually have digital businesses that are strong growers both on the top line and the bottom line. We have 30% plus EBITDA margins in Cars and we have 20% plus EBITDA margins in CareerBuilder. All of that is to say we generate an enormous amount of free cash flow. These are low capital intensive businesses so we are blessed with the fact that we can do organic investment in the businesses.

We can also return capital to our shareholders as we have committed to do, both through our dividends as well as through now our $825 million share repurchase program, but also have the opportunity to look at potential growth acquisitions, be they in broadcast or in digital, that meet our pretty stringent financial criteria. We are very disciplined buyers of companies, as you saw with Belo, as well as cars and those have exceeded our expectations so we think we're very good capital allocators. We're very good at buying businesses and we are blessed with the ability to buy in both places.

We love the organic growth rate we have but when you have that kind of cash flow to turbo charge that growth, it is a wonderful thing.

**Marci Ryvicker:** Balance sheet, it feels like you're more comfortable with higher leverage now that publishing is not part of the business. Is that a fair statement?

**Gracia Martore:** I think that's a fair statement.

**Marci Ryvicker:** Okay do you have any target?

**Gracia Martore:** No we, again, we're really blessed with the fact that even coming out of the spin where we took all of the debt and spun the publishing company off debt free that we are still conservatively leveraged even on a broadcast leverage basis so that gives us a lot of flexibility and we've never been constrained with saying okay we have this target and whatever happens that's the target. We've always said if the great opportunity comes along, like a Belo or like a Cars.com, we'll extend the balance sheet but then we will take some of that free cash flow and pay down debt as we are doing this year. We sold our headquarters building, took $180 million of that to pay down debt but at the same time
upped our share repurchase program by $75 million so we believe we can toggle to great opportunities investing in those that will create shareholder value.

Marci Ryvicker: Got it. We have a question from the audience, John.

Unidentified Audience Member: Thank you. Gracia, just for our financial modeling purposes really no other reason, can you give us an idea in which quarter of next year you expect to have acquired Graham Holdings?

Unidentified Audience Member: What quarter are you going to acquire Graham Holdings?

Gracia Martore: You'd have to ask Don.

Unidentified Audience Member: That's an interesting answer actually, which means you're interested and we'll see if he's a willing seller.

Gracia Martore: We're always open to the right opportunities at the right price. But Don I don't know if he's--

Unidentified Audience Member: But the problem that--

Gracia Martore: If he will sell at a right price.

Unidentified Audience Member: But your problem is that what are you, at 31% now?

Gracia Martore: About 32%.

Unidentified Audience Member: 32%, I mean there's only so much you could do.

Gracia Martore: Well, we've got about seven percentage points on a non-discounted basis but on a discounted basis we're only at about 24% or 25% so we've got plenty of room.

Marci Ryvicker: If you each ask discount thing has not been passed, correct?

Gracia Martore: Correct.

Marci Ryvicker: Yeah okay.

Unidentified Audience Member: So you're effectively at 25 now right?

Gracia Martore: Yeah.

Unidentified Audience Member: Okay.

Gracia Martore: Yeah so that's plenty of leeway.

Unidentified Audience Member: So I'll change the name to Scripps.

Gracia Martore: Good always to get a question from you, John.
Marci Ryvicker: All right I am going to ask one. I cannot reconcile how the cable networks are losing more pay TV subs than the pay TV providers are. From a broadcast perspective what is your pay TV footprint look like?

Gracia Martore: The good thing is we have audited numbers and you would imagine that the MVPDs have no incentive to pay us for more subs than they actually have and Dave share with everyone.

Dave Lougee: Marci, I am glad you asked that question because one, Mr. Eiger made his comment back in August that I think a lot of us got painted with a broad brush and there's a very different trajectory on paid subscribers for a cable only channel and a broadcaster and in a nutshell the MVPDs often right now there's this basic tier package, which they required to do under the law, that they used to somewhat not really showcase to consumers but now they showcase it

So if you call to cut the cord, they're going to try to keep you on the cord with this basic package and they're frankly having a lot of success with that and it's at a much, much lower price point. And frankly it's giving them the channels that they consume the most which is the broadcast channel. So we have very different numbers and trajectory than standalone cable channels do and one other thing I want to add that's just more of de minimis but worth noting, with the Belo acquisition the population growth, the dimension of our portfolio changed. We are a population growth company so just to be -- if you just look at our Nielsen home is just from a household basis, we are growing incrementally each year against the universe and so that's a little bit of an offset too.

Unidentified Audience Member: But just to connect the dot further, we went back and we took a look at all of our markets. And what we were being paid, how many subs we were being paid for.

On an apples to apples basis now versus a year ago versus last quarter and what we see is actually flat to slightly higher payments for subs, more subs.

Unidentified Audience Member: So I think that again, you can't paint a broad brush. I think it was very unfortunate that maybe Mr. Eiger had to correct some things with respect to ESPN that didn't necessarily reflect everybody's portfolio.

Gracia Martore: Right.

Dave Lougee: Yes.

Marci Ryvicker: Quick question, yes? Just ask it.

Gracia Martore: Yes it is. Let me just say we did a number of small acquisitions of companies as well as sports verticals which was really around the USA Today brand and so when we spun obviously those went with USA Today as part of the publishing company. But separately, as Dave will talk about, we have done some things in the sports arena that are a little bit different, little bit more OTT-ish and it is an area obviously that is incredibly important for the broadcast side of our business.

Dave Lougee: Yes so we're taking a look at a number of things and we announced semi quietly but a company we're looking at we'll see where it goes but we're looking at a little bit of a play possibly with the NBA and the NHL not on their standard rights or getting in the way of
any of their standard rights owners but sort of a long-tail business OTT digital that would play to the passionate fan, for the very passionate fan, and so that's a--

Dave Lougee: No. Well, yes well actually great question. It might -- we will not be in the betting business ourselves but it may cater to the passionate fan that loves to have lots of data about their teams and athletes that helps them on Sunday afternoons make money.

Marci Ryvicker: I have to cut us there because I'm going to get yelled at.

Gracia Martore: All right we don't want that. Thank you very much, Marci. We appreciate it.