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, 2021

OR

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

Commission file number 1-6961

TEGNA INC.

(Exact name of registrant as specified in its charter)

Delaware	**16-0442930**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8350 Broad Street, Suite 2000, Tysons, Virginia	**22102-5151**
(Address of principal executive offices)	(Zip Code)

(703) 873-6600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	TGNA	New York Stock Exchange

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 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The total number of shares of the registrant's Common Stock, $1 par value, outstanding as of October 31, 2021 was 221,281,397.

INDEX TO TEGNA INC.
Sept. 30, 2021 FORM 10-Q

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TEGNA Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands of dollars (Unaudited)

	Sept. 30, 2021	Dec. 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 51,214	$ 40,968
Accounts receivable, net of allowances of $6,151 and $7,035, respectively	601,500	550,755
Other receivables	14,688	14,031
Syndicated programming rights	67,723	47,331
Prepaid expenses and other current assets	21,986	19,509
Total current assets	757,111	672,594
Property and equipment		
Cost	1,034,017	1,026,459
Less accumulated depreciation	(574,151)	(556,100)
Net property and equipment	459,866	470,359
Intangible and other assets		
Goodwill	2,981,587	2,968,693
Indefinite-lived and amortizable intangible assets, less accumulated amortization of $282,889 and $235,582, respectively	2,457,192	2,503,644
Right-of-use assets for operating leases	90,017	97,190
Investments and other assets	184,873	136,219
Total intangible and other assets	5,713,669	5,705,746
Total assets	$ 6,930,646	$ 6,848,699

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEGNA Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands of dollars, except par value and share amounts (Unaudited)

	Sept. 30, 2021	Dec. 31, 2020
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities		
Accounts payable	$ 46,333	$ 58,049
Accrued liabilities		
Compensation	53,970	46,213
Interest	15,565	47,249
Contracts payable for programming rights	143,408	130,522
Other	86,126	78,219
Income taxes payable	5,351	63,923
Total current liabilities	350,753	424,175
Noncurrent liabilities		
Income taxes	9,491	7,303
Deferred income tax liability	557,419	530,240
Long-term debt	3,336,878	3,553,220
Pension liabilities	66,405	85,908
Operating lease liabilities	91,790	99,337
Other noncurrent liabilities	82,377	75,488
Total noncurrent liabilities	4,144,360	4,351,496
Total liabilities	4,495,113	4,775,671
Commitments and contingent liabilities (see Note 9)		
Redeemable noncontrolling interest (see Note 1)	15,826	14,933
Shareholders' equity		
Common stock of $1 par value per share, 800,000,000 shares authorized, 324,418,632 shares issued	324,419	324,419
Additional paid-in capital	27,941	113,267
Retained earnings	7,351,426	7,075,640
Accumulated other comprehensive loss	(76,693)	(121,076)
Less treasury stock at cost, 103,200,190 shares and 104,918,360 shares, respectively	(5,207,386)	(5,334,155)
Total equity	2,419,707	2,058,095
Total liabilities, redeemable noncontrolling interest and equity	$ 6,930,646	$ 6,848,699

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEGNA Inc.
CONSOLIDATED STATEMENTS OF INCOME
Unaudited, in thousands of dollars, except per share amounts

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	2020	2021	2020
Revenues	$ 756,487	$ 738,389	$ 2,216,446	$ 2,000,205
Operating expenses:				
Cost of revenues[1]	399,751	379,185	1,191,561	1,103,920
Business units - Selling, general and administrative expenses	100,425	89,943	286,700	267,919
Corporate - General and administrative expenses	11,891	11,263	51,944	61,289
Depreciation	16,792	16,086	48,526	49,697
Amortization of intangible assets	15,774	17,113	47,307	50,577
Spectrum repacking reimbursements and other, net	504	(2,902)	(2,394)	(10,533)
Total	545,137	510,688	1,623,644	1,522,869
Operating income	211,350	227,701	592,802	477,336
Non-operating income (expense):				
Equity (loss) income in unconsolidated investments, net	(1,790)	(2,529)	(5,716)	8,407
Interest expense	(46,477)	(51,896)	(139,571)	(160,733)
Other non-operating items, net	2,486	961	4,340	(17,270)
Total	(45,781)	(53,464)	(140,947)	(169,596)
Income before income taxes	165,569	174,237	451,855	307,740
Provision for income taxes	36,870	41,967	103,470	69,699
Net Income	128,699	132,270	348,385	238,041
Net (income) loss attributable to redeemable noncontrolling interest	(419)	(51)	(861)	433
Net income attributable to TEGNA Inc.	$ 128,280	$ 132,219	$ 347,524	$ 238,474
Net income per share:				
Basic	$ 0.58	$ 0.60	$ 1.57	$ 1.08
Diluted	$ 0.58	$ 0.60	$ 1.56	$ 1.08
Weighted average number of common shares outstanding:				
Basic shares	221,805	219,579	221,314	218,997
Diluted shares	222,799	219,977	222,172	219,423

[1] Cost of revenues exclude charges for depreciation and amortization expense, which are shown separately above.

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEGNA Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited, in thousands of dollars

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	**2020**	**2021**	**2020**
Net income	$ 128,699	$ 132,270	$ 348,385	$ 238,041
Other comprehensive income, before tax:				
Foreign currency translation adjustments	(53)	(93)	698	37
Pension and other post retirement benefit items				
Recognition of previously deferred post-retirement benefit plan costs	1,290	1,551	3,869	4,653
Pension payment timing related charge	946	—	946	—
Pension and other postretirement benefit items	2,236	1,551	4,815	4,653
Unrealized gain on available-for-sale investment during the period	54,354	—	54,354	—
Other comprehensive income, before tax	56,537	1,458	59,867	4,690
Income tax effect related to components of other comprehensive income	(14,626)	(366)	(15,484)	(1,180)
Other comprehensive income, net of tax	41,911	1,092	44,383	3,510
Comprehensive income	170,610	133,362	392,768	241,551
Comprehensive (income) loss attributable to redeemable noncontrolling interest	(419)	(51)	(861)	433
Comprehensive income attributable to TEGNA Inc.	$ 170,191	$ 133,311	$ 391,907	$ 241,984

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEGNA Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited, in thousands of dollars

	Nine months ended Sept. 30,	
	2021	**2020**
Cash flows from operating activities:		
Net income	$ 348,385	$ 238,041
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	95,833	100,274
Stock-based compensation	23,137	12,578
Company stock 401(k) contribution	13,575	13,023
Equity loss (income) from unconsolidated investments, net	5,716	(8,407)
Pension contributions, net of income	(14,821)	(8,144)
Change in other assets and liabilities, net of acquisitions:		
(Increase) decrease in trade receivables	(49,687)	73,838
(Decrease) increase in accounts payable	(11,716)	10,636
(Decrease) increase in interest and taxes payable	(76,372)	13,793
Decrease in deferred revenue	1,784	27,706
Change in other assets and liabilities, net	6,770	42,413
Net cash flow from operating activities	**342,604**	**515,751**
Cash flows from investing activities:		
Purchase of property and equipment	(39,418)	(30,583)
Reimbursements from spectrum repacking	5,030	12,670
Payments for acquisitions of businesses and other assets, net of cash acquired	(13,335)	(15,841)
Purchases of investments	(1,023)	(709)
Proceeds from investments	3,094	5,028
Proceeds from sale of assets and businesses	296	5,023
Net cash flow used for investing activities	**(45,356)**	**(24,412)**
Cash flows from financing activities:		
Payments under revolving credit facilities, net	(219,000)	(728,000)
Proceeds from borrowings	—	1,550,000
Debt repayments	—	(1,085,000)
Payments for debt issuance costs and early redemption fee	—	(36,896)
Proceeds from sale of minority ownership interest in Premion	—	14,000
Dividends paid	(57,435)	(61,110)
Other, net	(10,567)	(9,151)
Net cash flow used for financing activities	**(287,002)**	**(356,157)**
Increase in cash	10,246	135,182
Balance of cash, beginning of period	40,968	29,404
Balance of cash, end of period	**$ 51,214**	**$ 164,586**
Supplemental cash flow information:		
Cash paid for income taxes, net of refunds	$ 146,600	$ 39,872
Cash paid for interest	$ 165,824	$ 174,575

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEGNA Inc.
CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NONCONTROLLING INTEREST
Unaudited, in thousands of dollars, except per share data

Quarters Ended:	Redeemable noncontrolling interest	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total Equity
Balance at June 30, 2021	**$ 15,523**	**$ 324,419**	**$ 27,941**	**$ 7,249,257**	**$ (118,604)**	**$ (5,224,057)**	**$ 2,258,956**
Net income	419	—	—	128,280	—	—	128,280
Other comprehensive income, net of tax	—	—	—	—	41,911	—	41,911
Total comprehensive income							170,191
Dividends declared: $0.095 per share	—	—	—	(21,008)	—	—	(21,008)
Company stock 401(k) contribution	—	—	(6,763)	(5,219)	—	16,173	4,191
Stock-based awards activity	—	—	(545)	—	—	498	(47)
Stock-based compensation	—	—	6,965	—	—	—	6,965
Adjustment of redeemable noncontrolling interest to redemption value	(116)	—	—	116	—	—	116
Other activity	—	—	343		—	—	343
Balance at Sept. 30, 2021	**$ 15,826**	**$ 324,419**	**$ 27,941**	**$ 7,351,426**	**$ (76,693)**	**$ (5,207,386)**	**$ 2,419,707**

	Redeemable noncontrolling interest	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at June 30, 2020	**$ 14,373**	**$ 324,419**	**$ 140,255**	**$ 6,729,896**	**$ (140,179)**	**$ (5,379,084)**	**$ 1,675,307**
Net income	51	—	—	132,219	—	—	132,219
Other comprehensive income, net of tax	—	—	—	—	1,092	—	1,092
Total comprehensive income							133,311
Dividends declared: $0.07 per share	—	—	—	(15,332)	—	—	(15,332)
Company stock 401(k) contribution	—	—	(21,886)	—	—	26,344	4,458
Stock-based awards activity	—	—	(652)	—	—	596	(56)
Stock-based compensation	—	—	5,010	—	—	—	5,010
Adjustment of redeemable noncontrolling interest to redemption value	229	—	—	(229)	—	—	(229)
Other activity	—	—	(2,933)	—	—	—	(2,933)
Balance at Sept. 30, 2020	**$ 14,653**	**$ 324,419**	**$ 119,794**	**$ 6,846,554**	**$ (139,087)**	**$ (5,352,144)**	**$ 1,799,536**

TEGNA Inc.

CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NON-CONTROLLING INTEREST

Unaudited, in thousands of dollars, except per share data

Nine months ended:	Redeemable noncontrolling interest	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at Dec. 31, 2020	**$ 14,933**	**$ 324,419**	**$ 113,267**	**$ 7,075,640**	**$ (121,076)**	**$ (5,334,155)**	**$ 2,058,095**
Net income	861	—	—	347,524	—	—	347,524
Other comprehensive income, net of tax	—	—	—	—	44,383	—	44,383
Total comprehensive income							391,907
Dividends declared: $0.26 per share	—	—	—	(57,435)	—	—	(57,435)
Company stock 401(k) contribution	—	—	(24,437)	(14,271)	—	52,283	13,575
Stock-based awards activity	—	—	(85,054)	—	—	74,486	(10,568)
Stock-based compensation	—	—	23,137	—	—	—	23,137
Adjustment of redeemable noncontrolling interest to redemption value	32	—	—	(32)	—	—	(32)
Other activity	—	—	1,028	—	—	—	1,028
Balance at Sept. 30, 2021	**$ 15,826**	**$ 324,419**	**$ 27,941**	**$ 7,351,426**	**$ (76,693)**	**$ (5,207,386)**	**$ 2,419,707**

	Redeemable noncontrolling interest	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at Dec. 31, 2019	**$ —**	**$ 324,419**	**$ 247,497**	**$ 6,655,088**	**$ (142,597)**	**$ (5,494,030)**	**$ 1,590,377**
Net income (loss)	(433)	—	—	238,474	—	—	238,474
Other comprehensive income, net of tax	—	—	—	—	3,510	—	3,510
Total comprehensive income							241,984
Dividends declared: $0.21 per share	—	—	—	(45,922)	—	—	(45,922)
Company stock 401(k) contribution	—	—	(57,606)	—	—	70,629	13,023
Stock-based awards activity	—	—	(80,408)	—	—	71,257	(9,151)
Stock-based compensation	—	—	12,578	—	—	—	12,578
Sale of minority ownership interest in Premion	14,000	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interest to redemption value	1,086	—	—	(1,086)	—	—	(1,086)
Other activity	—	—	(2,267)	—	—	—	(2,267)
Balance at Sept. 30, 2020	**$ 14,653**	**$ 324,419**	**$ 119,794**	**$ 6,846,554**	**$ (139,087)**	**$ (5,352,144)**	**$ 1,799,536**

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1 – Accounting policies

Basis of presentation: Our accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting, the instructions for Form 10-Q and Article 10 of the U.S. Securities and Exchange Commission (SEC) Regulation S-X. Accordingly, they do not include all information and footnotes which are normally included in the Form 10-K and annual report to shareholders. In our opinion, the condensed consolidated financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for the interim periods presented. The condensed consolidated financial statements should be read in conjunction with our (or TEGNA's) audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020.

The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The novel coronavirus (COVID-19) pandemic has resulted, and will continue to result, in significant economic disruption and will likely continue to adversely affect our business. The impact of COVID-19 (including variants) and the extent of its adverse impact on our financial and operating results will be dictated by the length of time that the pandemic continues to affect our advertising customers.

We use the best information available in developing significant estimates inherent in our financial statements, including potential impacts from the COVID-19 pandemic. Actual results could differ from these estimates, and these differences resulting from changes in facts and circumstances could be material. Significant estimates include, but are not limited to, evaluation of goodwill and other intangible assets for impairment, business combinations, fair value measurements, post-retirement benefit plans, income taxes including deferred taxes, and contingencies. The condensed consolidated financial statements include the accounts of subsidiaries we control. We eliminate all intercompany balances, transactions, and profits in consolidation. Investments in entities over which we have significant influence, but do not have control, are accounted for under the equity method. Our share of net earnings and losses from these ventures is included in "Equity (loss) income in unconsolidated investments, net" in the Consolidated Statements of Income.

We operate one operating and reportable segment, which primarily consists of our 64 television stations and two radio stations operating in 51 markets, providing high-quality television programming and digital content. Our reportable segment determination is based on our management and internal reporting structure, the nature of products and services we offer, and the financial information that is evaluated regularly by our chief operating decision maker.

Accounting guidance adopted in 2021: We did not adopt any new accounting guidance in 2021 that had a material impact on our consolidated financial statements or disclosures.

New accounting guidance not yet adopted: There is currently no pending accounting guidance that we expect to have a material impact on our consolidated financial statements or disclosures.

Trade receivables and allowances for doubtful accounts: Trade receivables are recorded at invoiced amounts and generally do not bear interest. The allowance for doubtful accounts reflects our estimate of credit exposure, determined principally on the basis of our collection experience, aging of our receivables and any specific reserves needed for certain customers based on their credit risk. Our allowance also takes into account expected future trends which may impact our customers' ability to pay, such as economic growth, unemployment and demand for our products and services, including the impacts of the COVID-19 pandemic on these trends. We monitor the credit quality of our customers and their ability to pay through the use of analytics and communication with individual customers. As of September 30, 2021, our allowance for doubtful accounts was $6.2 million as compared to $7.0 million as of December 31, 2020.

Available-for-sale investment: We hold a debt security investment issued by MadHive, Inc. (MadHive), that we classify as an available-for-sale investment. Under the terms of our investment agreement, our debt investment may convert into an equity investment either automatically or at our election based on the occurrence of certain specified events. This investment is carried at fair value and is included within the "Investments and other assets" line item on our Condensed Consolidated Balance Sheet. Unrealized gains/losses on this investment are included within "Accumulated other comprehensive loss" on the Condensed Consolidated Balance Sheet. Gains and losses will be recognized in our Consolidated Statements of Income when realized. See Note 3 for additional information.

Redeemable Noncontrolling interest: Our Premion business operates an advertising network for over-the-top (OTT) streaming and connected television platforms. In March 2020, we sold a minority interest in Premion to an affiliate of Gray Television (Gray) and entered into a 3 year commercial reselling agreement with the affiliate. Gray's investment allows it to sell its interest to Premion if there is a change in control of TEGNA or if the existing commercial agreement terminates. Since redemption of the minority ownership interest is outside our control, Gray's equity interest is presented outside of the Equity section on the Condensed Consolidated Balance Sheet in the caption "Redeemable noncontrolling interest."

Revenue recognition: Revenue is recognized upon the transfer of control of promised services to our customers in an amount that reflects the consideration we expect to receive in exchange for those services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. Amounts received from customers in advance of providing services to our customers are recorded as deferred revenue.

The primary sources of our revenues are: 1) subscription revenues, reflecting fees paid by satellite, cable, OTT (companies that deliver video content to consumers over the Internet) and telecommunications providers to carry our television signals on their systems; 2) advertising & marketing services revenues, which include local and national non-political television advertising, digital marketing services (including Premion), advertising on the stations' websites, tablet and mobile products, and OTT apps; 3) political advertising revenues, which are driven by even year election cycles at the local and national level (e.g. 2020, 2018, etc.) and particularly in the second half of those years; and 4) other services, such as production of programming, tower rentals, and distribution of our local news content.

Revenue earned by these sources in the third quarter and first nine months of 2021 and 2020 are shown below (amounts in thousands):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	2020	2021	2020
Subscription	$ 368,672	$ 316,677	$ 1,130,490	$ 972,954
Advertising & Marketing Services	364,234	298,605	1,027,957	822,841
Political	15,010	116,494	34,019	181,425
Other	8,571	6,613	23,980	22,985
Total revenues	$ 756,487	$ 738,389	$ 2,216,446	$ 2,000,205

NOTE 2 – Goodwill and other intangible assets

The following table displays goodwill, indefinite-lived intangible assets, and amortizable intangible assets as of September 30, 2021 and December 31, 2020 (in thousands):

	Sept. 30, 2021		Dec. 31, 2020	
	Gross	Accumulated Amortization	Gross	Accumulated Amortization
Goodwill	$ 2,981,587	$ —	$ 2,968,693	$ —
Indefinite-lived intangibles:				
Television and radio station FCC broadcast licenses	2,123,898		2,123,898	
Amortizable intangible assets:				
Retransmission agreements	235,215	(161,061)	235,215	(138,928)
Network affiliation agreements	309,503	(91,070)	309,503	(72,694)
Other	71,465	(30,758)	70,610	(23,960)
Total indefinite-lived and amortizable intangible assets	$ 2,740,081	$ (282,889)	$ 2,739,226	$ (235,582)

Our retransmission agreements and network affiliation agreements are amortized on a straight-line basis over their estimated useful lives. Other intangibles primarily include distribution agreements from our multicast networks acquisition, which are also amortized on a straight-line basis over their useful lives.

On January 27, 2021, we acquired Locked On Podcast Network LLC for $13.3 million, which consisted of a base purchase price of $13.8 million and a working capital adjustment of $0.5 million. Locked On produces daily podcasts for every team across the four major professional sports leagues, as well as for major college sports teams. In connection with this acquisition, we recorded goodwill and trade name assets of $12.9 million and $0.9 million, respectively. The goodwill is calculated as the excess of the purchase price over the net fair value of the identifiable assets acquired and liabilities assumed, and represents the future economic benefits expected to arise from the acquisition that do not qualify for separate recognition, including assembled workforce, as well as future synergies that we expect to generate. The goodwill recognized is deductible for tax purposes.

Interim impairment assessment

We review our goodwill and intangible assets for impairment at least annually and also when events or changes in circumstances occur that indicate the fair value may be below its carrying amount. As discussed in our 2020 Form 10-K, after completing our annual impairment test in the fourth quarter of 2020, we had one television station FCC license and one radio station FCC license with a combined carrying value of $67.2 million and individual impairment headroom of less than 5%. As a result, these two FCC licenses are deemed to be heightened risk of future impairment. Given the ongoing COVID-19 impacts on our AMS revenue and operating cash flows, we conducted impairment assessments of these two FCC licenses at the end of the third quarter of 2021 to evaluate whether circumstances occurred that indicate that the fair value may be below the carrying amount.

In performing these assessments, we analyzed factors that impact the fair value determination of FCC license assets. This included reviewing the trends in U.S. gross domestic product, the stock market, unemployment trends, discount rates and individual station performance. Based on the analysis performed, we concluded that no triggering events had occurred that would cause us to perform an interim impairment test for these two FCC licenses. However, a sustained economic decline, including one resulting from the COVID-19 pandemic, could result in future non-cash impairment charges of our FCC licenses, and any related impairment could have a material adverse impact on our results of operations.

NOTE 3 – Investments and other assets

Our investments and other assets consisted of the following as of September 30, 2021 and December 31, 2020 (in thousands):

	Sept. 30, 2021	Dec. 31, 2020
Available-for-sale debt security	$ 57,354	$ 3,000
Cash value life insurance	52,861	52,883
Equity method investments	25,504	32,067
Other equity investments	19,021	20,271
Deferred debt issuance costs	6,706	9,378
Other long-term assets	23,427	18,620
Total	$ 184,873	$ 136,219

Available-for-sale debt security: Available-for-sale debt securities are required to be carried at their fair value, with unrealized gains and losses (net of income taxes) that are considered temporary in nature recorded in “Accumulated other comprehensive loss” on the Condensed Consolidated Balance Sheet. In the third quarter of 2021, we recorded an unrealized gain of $54.4 million due to the increase in the fair value of the debt security issued by MadHive that we hold. This available-for-sale debt security includes features that allow us to convert investment into equity ownership upon the occurrence of certain events. The increase in the value of our investment is due to, and calculated based on, the estimated increase in the underlying equity of the investee. The unrealized gain has been recorded in “Accumulated other comprehensive loss” on the Condensed Consolidated Balance Sheet.

Cash value life insurance: We are the beneficiary of life insurance policies on the lives of certain employees/retirees, which are recorded at their cash surrender value as determined by the insurance carrier. These policies are utilized as a partial funding source for deferred compensation and other non-qualified employee retirement plans. Gains and losses on these investments are included in “Other non-operating items, net” within our Consolidated Statement of Income and were not material for all periods presented.

Other equity investments: Represents investments in non-public businesses that do not have readily determinable pricing, and for which we do not have control or do not exert significant influence. These investments are recorded at cost less impairments, if any, plus or minus changes in observable prices for those investments. In the third quarter of 2021, we recognized a $1.9 million gain on one of these investments due to an observable price increase in the fair value of the investment. Additionally, in the first quarter of 2021, we recorded a $1.9 million impairment charge, due to the decline in the fair value of a different investment. Both the gain and impairment charge were recorded in “Other non-operating items, net” within our Consolidated Statement of Income. No gains or losses were recorded on these investments in the first nine months of 2020.

Deferred debt issuance costs: These costs consist of amounts paid to lenders related to our revolving credit facility. Debt issuance costs paid for our term debt and unsecured notes are accounted for as a reduction in the debt obligation.

NOTE 4 – Long-term debt

Our long-term debt is summarized below (in thousands):

	Sept. 30, 2021	Dec. 31, 2020
Borrowings under revolving credit agreement expiring August 2024	$ 136,000	$ 355,000
Unsecured notes bearing fixed rate interest at 5.500% due September 2024	137,000	137,000
Unsecured notes bearing fixed rate interest at 4.750% due March 2026	550,000	550,000
Unsecured notes bearing fixed rate interest at 7.75% due June 2027	200,000	200,000
Unsecured notes bearing fixed rate interest at 7.25% due September 2027	240,000	240,000
Unsecured notes bearing fixed rate interest at 4.625% due March 2028	1,000,000	1,000,000
Unsecured notes bearing fixed rate interest at 5.00% due September 2029	1,100,000	1,100,000
Total principal long-term debt	3,363,000	3,582,000
Debt issuance costs	(33,271)	(36,595)
Unamortized premiums and discounts, net	7,149	7,815
Total long-term debt	$ 3,336,878	$ 3,553,220

As of September 30, 2021, cash and cash equivalents totaled $51.2 million and we had unused borrowing capacity of $1.35 billion under our $1.51 billion revolving credit facility, which expires in August 2024. We were in compliance with all covenants, including the leverage ratio (our one financial covenant) contained in our debt agreements and revolving credit facility. We believe, based on our current financial forecasts and trends, that we will remain compliant with all covenants for the foreseeable future.

NOTE 5 – Retirement plans

We have various defined benefit retirement plans. Our principal defined benefit pension plan is the TEGNA Retirement Plan (TRP). The disclosure table below includes the pension expenses of the TRP and the TEGNA Supplemental Retirement Plan (SERP). The total net pension obligations, including both current and non-current liabilities, as of September 30, 2021, were $74.2 million, of which $7.8 million is recorded as a current obligation within accrued liabilities on the Condensed Consolidated Balance Sheet.

Pension costs (income), which primarily include costs for the qualified TRP and the non-qualified SERP, are presented in the following table (in thousands):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	2020	2021	2020
Service cost-benefits earned during the period	$ 1	$ 1	$ 2	$ 5
Interest cost on benefit obligation	3,969	4,868	11,907	14,605
Expected return on plan assets	(8,670)	(7,765)	(26,010)	(23,294)
Amortization of prior service cost	23	23	68	68
Amortization of actuarial loss	1,223	1,541	3,669	4,622
Pension payment timing related charge	946	—	946	—
Income from company-sponsored retirement plans	$ (2,508)	$ (1,332)	$ (9,418)	$ (3,994)

Benefits no longer accrue for substantially all TRP and SERP participants as a result of amendments to the plans in past years, and as such we no longer incur a significant amount of the service cost component of pension expense. All other components of our pension expense presented above are included within the “Other non-operating items, net” line item of the Consolidated Statements of Income.

During the nine months ended September 30, 2021 and 2020, we did not make any cash contributions to the TRP. We made benefit payments to participants of the SERP of $5.3 million and $4.1 million during the nine months ended September 30, 2021 and 2020, respectively. Based on actuarial projections and funding levels, we do not expect to make any cash payments to the TRP in 2021 (as none are required based on our current funding levels). We expect to make additional cash payments of $1.6 million to our SERP participants during the remainder of 2021.

In the third quarter of 2021, we accelerated the recognition of previously deferred pension costs as a result of lump sum payments made for the SERP, which resulted in a $0.9 million charge which was reclassified from accumulated other comprehensive loss into net periodic benefit cost.

NOTE 6 – Accumulated other comprehensive loss

The following table summarizes the components of, and the changes in, Accumulated Other Comprehensive Loss (AOCL), net of tax (in thousands):

	Retirement Plans	Foreign Currency Translation	Available-For-Sale Investment	Total
Quarters Ended:				
Balance at June 30, 2021	$ (119,065)	$ 461	$ —	$ (118,604)
Other comprehensive income before reclassifications	—	(39)	40,293	40,254
Amounts reclassified from AOCL	1,657	—	—	1,657
Total other comprehensive income	1,657	(39)	40,293	41,911
Balance at Sept. 30, 2021	$ (117,408)	$ 422	$ 40,293	$ (76,693)
Balance at June 30, 2020	$ (140,076)	$ (103)	$ —	$ (140,179)
Other comprehensive loss before reclassifications	—	(69)	—	(69)
Amounts reclassified from AOCL	1,161	—	—	1,161
Total other comprehensive income	1,161	(69)	—	1,092
Balance at Sept. 30, 2020	$ (138,915)	$ (172)	$ —	$ (139,087)

	Retirement Plans	Foreign Currency Translation	Available-For-Sale Investment	Total
Nine months ended:				
Balance at Dec. 31, 2020	$ (120,979)	$ (97)	$ —	$ (121,076)
Other comprehensive income before reclassifications	—	519	40,293	40,812
Amounts reclassified from AOCL	3,571	—	—	3,571
Total other comprehensive income	3,571	519	40,293	44,383
Balance at Sept. 30, 2021	$ (117,408)	$ 422	$ 40,293	$ (76,693)
Balance at Dec. 31, 2019	$ (142,398)	$ (199)	$ —	$ (142,597)
Other comprehensive income before reclassifications	—	27	—	27
Amounts reclassified from AOCL	3,483	—	—	3,483
Total other comprehensive income	3,483	27	—	3,510
Balance at Sept. 30, 2020	$ (138,915)	$ (172)	$ —	$ (139,087)

Reclassifications from AOCL to the Consolidated Statements of Income are comprised of pension and other post-retirement components. Pension and other post retirement reclassifications are related to the amortization of prior service costs and amortization of actuarial losses and a pension payment timing related charge. Amounts reclassified out of AOCL are summarized below (in thousands):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	2020	2021	2020
Amortization of prior service credit, net	$ (120)	$ (120)	$ (361)	$ (360)
Amortization of actuarial loss	1,410	1,671	4,230	5,013
Pension payment timing related charge	946	—	946	—
Total reclassifications, before tax	2,236	1,551	4,815	4,653
Income tax effect	(579)	(390)	(1,244)	(1,170)
Total reclassifications, net of tax	$ 1,657	$ 1,161	$ 3,571	$ 3,483

NOTE 7 – Earnings per share

Our earnings per share (basic and diluted) are presented below (in thousands, except per share amounts):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2021	2020	2021	2020
Net Income	$ 128,699	$ 132,270	$ 348,385	$ 238,041
Net (income) loss attributable to the noncontrolling interest	(419)	(51)	(861)	433
Adjustment of redeemable noncontrolling interest to redemption value	116	(229)	(32)	(1,086)
Earnings available to common shareholders	$ 128,396	$ 131,990	$ 347,492	$ 237,388
Weighted average number of common shares outstanding - basic	221,805	219,579	221,314	218,997
Effect of dilutive securities:				
Restricted stock units	749	180	626	163
Performance shares	245	216	231	262
Stock options	—	2	1	1
Weighted average number of common shares outstanding - diluted	222,799	219,977	222,172	219,423
Net income per share - basic	$ 0.58	$ 0.60	$ 1.57	$ 1.08
Net income per share - diluted	$ 0.58	$ 0.60	$ 1.56	$ 1.08

Our calculation of diluted earnings per share includes the dilutive effects for the assumed vesting of outstanding restricted stock units and performance shares.

NOTE 8 – Fair value measurement

We measure and record certain assets and liabilities at fair value in the accompanying condensed consolidated financial statements. U.S. GAAP establishes a hierarchy for those instruments measured at fair value that distinguishes between market data (observable inputs) and our own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 - Quoted market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 - Unobservable inputs developed using our own estimates and assumptions, which reflect those that a market participant would use.

In the third quarter of 2021, we recognized a $1.9 million gain and in the first quarter of 2021 we recorded a $1.9 million impairment charge, which related to fair value changes for two of our investments. These adjustments were recorded in “Other non-operating items, net” within our Consolidated Statement of Income. The adjustments to the investments were a result of observable price changes in the fair value of our investments (Level 2).

In the third quarter of 2021, we recorded an unrealized gain of $54.4 million due to the increase in the fair value of an available-for-sale debt security issued by MadHive that we hold, which includes features that allow us to convert the investment into equity ownership upon the occurrence of certain events. The fair value of the available-for-sale debt security was determined to be $57.4 million. The valuation utilized a scenario-based valuation approach which relies on option-pricing models. Key inputs in the model include the estimated equity value of the investee; the capitalization structure of the investee; the risk-free rate of return; and assumptions about the timing of a conversion event (Level 3). The unrealized gain has been recorded in "Accumulated other comprehensive loss” on the Condensed Consolidated Balance Sheet. As we use a probability weighted approach, it is likely that actual events or results will differ from these estimates and assumptions, and accordingly we could record additional unrealized gains or losses, in the future, which may be material. The most significant changes that could impact the value of the available-for-sale debt security include the changes in the estimated equity value of the investee and changes in the assigned probabilities to each potential outcome of our conversion. A 10% increase or decrease in the equity value of the investee (holding all other models assumptions the same) would increase (or decrease) the fair value of the available-for-sale debt security by approximately $5.4 million.

We also hold other financial instruments, including cash and cash equivalents, receivables, accounts payable and debt. The carrying amounts for cash and cash equivalents, receivables and accounts payable approximated their fair values. The fair value of our total debt, based on the bid and ask quotes for the related debt (Level 2), totaled $3.52 billion at September 30, 2021, and $3.79 billion at December 31, 2020.

NOTE 9 – Other matters

Litigation

In the third quarter of 2018, certain national media outlets reported the existence of a confidential investigation by the United States Department of Justice Antitrust Division (DOJ) into the local television advertising sales practices of station owners. We received a Civil Investigative Demand (CID) in connection with the DOJ’s investigation. On November 13 and December 13, 2018, the DOJ and seven other broadcasters settled a DOJ complaint alleging the exchange of competitively sensitive information in the broadcast television industry. In June 2019, we and four other broadcasters entered into a substantially identical agreement with DOJ, which was entered by the court on December 3, 2019. The settlement contains no finding of wrongdoing or liability and carries no penalty. It prohibits us and the other settling entities from sharing certain confidential business information, or using such information pertaining to other broadcasters, except under limited circumstances. The settlement also requires the settling parties to make certain enhancements to their antitrust compliance programs, to continue to cooperate with the DOJ’s investigation, and to permit DOJ to verify compliance. We do not expect the costs of compliance to be material.

Since the national media reports, numerous putative class action lawsuits were filed against owners of television stations (the Advertising Cases) in different jurisdictions. Plaintiffs are a class consisting of all persons and entities in the United States who paid for all or a portion of advertisement time on local television provided by the defendants. The Advertising Cases assert antitrust and other claims and seek monetary damages, attorneys’ fees, costs and interest, as well as injunctions against the allegedly wrongful conduct.

These cases have been consolidated into a single proceeding in the United States District Court for the Northern District of Illinois, captioned Clay, Massey & Associates, P.C. v. Gray Television, Inc. et. al., filed on July 30, 2018. At the court’s direction, plaintiffs filed an amended complaint on April 3, 2019, that superseded the original complaints. Although we were named as a defendant in sixteen of the original complaints, the amended complaint did not name TEGNA as a defendant. After TEGNA and four other broadcasters entered into consent decrees with the DOJ in June 2019, the plaintiffs sought leave from the court to further amend the complaint to add TEGNA and the other settling broadcasters to the proceeding. The court granted the plaintiffs’ motion, and the plaintiffs filed the second amended complaint on September 9, 2019. On October 8, 2019, the defendants jointly filed a motion to dismiss the matter. On November 6, 2020, the court denied the motion to dismiss. We deny any violation of law, believe that the claims asserted in the Advertising Cases are without merit, and intend to defend ourselves vigorously against them.

We, along with a number of our subsidiaries, also are defendants in other judicial and administrative proceedings involving matters incidental to our business. We do not believe that any material liability will be imposed as a result of any of the foregoing matters.

FCC Broadcast Spectrum Program

In April 2017, the FCC announced the completion of a voluntary incentive auction to reallocate certain spectrum then occupied by television broadcast stations to mobile wireless broadband services, along with a related “repacking” of the television spectrum for remaining television stations. None of our stations relinquished any spectrum rights as a result of the auction. By the end of 2020, all of our impacted stations had completed their repacking transitions to their new channels.

Throughout the repacking project the FCC has been reimbursing us for the costs we have incurred to change channels in the repacking on a lagged basis. During the third quarter of 2021, we received $0.6 million of reimbursements, which were recorded as a contra operating expense within our “Spectrum repacking reimbursements and other, net” line item on our Consolidated Statement of Income and reported as an investing inflow on the Consolidated Statement of Cash Flows. We expect to receive reimbursements for the remaining of our repacking spend upon completion of the FCC’s reimbursement review process.

Related Party Transactions

We have investments in the form of equity and debt in MadHive which is a related party of TEGNA (see Note 3 and Note 8 for additional information). In addition to our investment, we also have a commercial agreement with MadHive, under which MadHive supports our Premion business in acquiring over-the-top advertising inventory and delivering corresponding advertising impressions. In the third quarter and first nine months of 2021, we incurred expenses of $19.7 million and $62.1 million, respectively, as a result of the commercial agreement with MadHive. In the third quarter and first nine months of 2020, we incurred expenses of $8.5 million and $32.7 million respectively, as a result of the commercial agreement with MadHive. As of September 30, 2021, and December 31, 2020 we had accounts payable and accrued liabilities associated with the MadHive commercial agreements of $7.4 million and $13.5 million, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Company Overview

We are an innovative media company that serves the greater good of our communities. Across platforms, we tell empowering stories, conduct impactful investigations and deliver innovative marketing services. With 64 television stations and two radio stations in 51 U.S. markets, we are the largest owner of top four network affiliates in the top 25 markets among independent station groups, reaching approximately 39% of U.S. television households. We also own leading multicast networks True Crime Network, Twist and Quest. Each television station also has a robust digital presence across online, mobile, connected television and social platforms, reaching consumers on all devices and platforms they use to consume news content. We have been consistently honored with the industry's top awards, including Edward R. Murrow, George Polk, Alfred I. DuPont and Emmy Awards. Through TEGNA Marketing Solutions (TMS), our integrated sales and back-end fulfillment operations, we deliver results for advertisers across television, digital and over-the-top (OTT) platforms, including Premion, our OTT advertising network.

We have one operating and reportable segment. The primary sources of our revenues are: 1) subscription revenues, reflecting fees paid by satellite, cable, OTT (companies that deliver video content to consumers over the Internet) and telecommunications providers to carry our television signals on their systems; 2) advertising & marketing services (AMS) revenues, which include local and national non-political television advertising, digital marketing services (including Premion), and advertising on the stations' websites, tablet and mobile products and OTT apps; 3) political advertising revenues, which are driven by even year election cycles at the local and national level (e.g. 2020, 2018, etc.) and particularly in the second half of those years; and 4) other services, such as production of programming, tower rentals, and distribution of our local news content.

As illustrated in the table below, our business continues to evolve toward growing recurring and highly profitable revenue streams, driven by the increasing concentration of both political and subscription revenue streams. As a result of the growing importance of even-year political advertising on our results, management increasingly looks at revenue trends over two-year periods. High margin-subscription and political revenues account for approximately half of our total two-year revenue, a trend that began in 2019, and are expected to comprise an increasingly larger percentage on a rolling two-year cycle thereafter.

	Two Years Ending September 30,			
	2021		2020	
Advertising & Marketing Services	44 %		47 %	
Subscription	46 %	55%	45 %	52%
Political	9 %		7 %	
Other	1 %		1 %	
Total revenues	100 %		100 %	

COVID-19 Update

During fiscal year 2020 and continuing into 2021, the world has been, and continues to be, impacted by the novel coronavirus (COVID-19) pandemic. The COVID-19 pandemic has brought unprecedented challenges and widespread economic and social change throughout the United States. The U.S. economy continued on a path to recovery during the first nine months of 2021 with millions of Americans receiving COVID-19 vaccines, states/municipalities increasingly reopening and continued growth in employment. In addition, the U.S. federal government continued to enact policies to provide fiscal stimulus to the economy and relief to those affected by the pandemic, with the stimulus bolstering household finances as well as those of small businesses, states and municipalities. Our AMS revenues were most negatively impacted by the pandemic in the second quarter of 2020.

The continued roll out of vaccines together with lower COVID-19 case counts in the U.S. are encouraging. However, the impact of COVID-19 and the extent of its adverse impact on our financial and operating results will be dictated by the length of time that the pandemic continues to affect our advertising customers. This will depend on future pandemic-related developments, including the duration of the pandemic; developments concerning the severity of COVID-19 variants; disruptions to our customers' supply chains and impacts to their advertising and marketing purchasing patterns; the effectiveness, distribution and acceptance of COVID-19 vaccines; consumer confidence; and U.S. government actions to prevent and manage the virus spread, all of which are uncertain and cannot be predicted. While we use the best information available in developing significant estimates included in our financial statements, the effects of the pandemic on our operations may not be fully realized, or reflected in our financial results, until future periods. As such, actual results could differ from our estimates, and these differences resulting from changes in facts and circumstances could be material.

Consolidated Results from Operations

The following discussion is a comparison of our consolidated results on a GAAP basis. The year-to-year comparison of financial results is not necessarily indicative of future results. In addition, see the section titled "Results from Operations - Non-GAAP Information" for additional tables presenting information which supplements our financial information provided on a GAAP basis.

As discussed above, our operating results are subject to significant fluctuations across yearly periods (primarily driven by even-year election cycles). As such, in addition to one year ago comparisons, our management team and Board of Directors also review current period operating results compared to the same period two years ago (e.g., 2021 vs. 2019). We believe this comparison will also provide useful information to investors and therefore, have supplemented our prior year comparison of consolidated results to also include a comparison against the third quarter and nine months ended September 30, 2019 results (through operating income).

During 2019, we acquired multiple local television stations and multicast networks. Specifically, we acquired certain stations divested by Gray (January 2, 2019), the Justice Network (rebranded as True Crime Network) and Quest multicast networks (June 18, 2019), the Dispatch stations (August 8, 2019) and certain stations divested by Nexstar (September 19, 2019). The Dispatch and Nexstar stations are collectively referred to as the "2019 Acquisitions" in the discussion of the results for the quarter ended September 30, 2021 compared to the same period in 2019. When discussing results for the nine months ended September 30, 2021 compared to the same period in 2019, the "2019 Acquisitions" also include the multicast networks. The 2019 Acquisitions did not contribute to the periods prior to their acquisition in our financial statements which therefore impacts comparisons between 2021 and 2019. The Gray stations do not impact the 2021 to 2019 comparability.

Our consolidated results of operations on a GAAP basis were as follows (in thousands, except per share amounts):

	Quarter ended Sept. 30,					Nine months ended Sept. 30,				
	2021	2020	Change from 2020	2019	Change from 2019	2021	2020	Change from 2020	2019	Change from 2019
Revenues	$ 756,487	$ 738,389	2 %	$ 551,857	37 %	$ 2,216,446	$ 2,000,205	11 %	$ 1,605,542	38 %
Operating expenses:										
Cost of revenues	399,751	379,185	5 %	306,474	30 %	1,191,561	1,103,920	8 %	873,078	36 %
Business units - Selling, general and administrative expenses	100,425	89,943	12 %	78,439	28 %	286,700	267,919	7 %	223,845	28 %
Corporate - General and administrative expenses	11,891	11,263	6 %	29,792	(60 %)	51,944	61,289	(15 %)	60,363	(14 %)
Depreciation	16,792	16,086	4 %	15,381	9 %	48,526	49,697	(2 %)	44,831	8 %
Amortization of intangible assets	15,774	17,113	(8 %)	15,018	5 %	47,307	50,577	(6 %)	32,530	45 %
Spectrum repacking reimbursements and other, net	504	(2,902)	***	(80)	***	(2,394)	(10,533)	(77 %)	(11,399)	(79 %)
Total operating expenses	$ 545,137	$ 510,688	7 %	$ 445,024	22 %	$ 1,623,644	$ 1,522,869	7 %	$ 1,223,248	33 %
Total operating income	$ 211,350	$ 227,701	(7 %)	$ 106,833	98 %	$ 592,802	$ 477,336	24 %	$ 382,294	55 %
Non-operating expenses	(45,781)	(53,464)	(14 %)	(53,408)	(14 %)	(140,947)	(169,596)	(17 %)	(127,282)	11 %
Provision for income taxes	36,870	41,967	(12 %)	5,079	***	103,470	69,699	48 %	52,732	96 %
Net income	128,699	132,270	(3 %)	48,346	***	348,385	238,041	46 %	202,280	72 %
Net (income) loss attributable to redeemable noncontrolling interest	(419)	(51)	***	—	***	(861)	433	***	—	***
Net income attributable to TEGNA Inc.	$ 128,280	$ 132,219	(3 %)	$ 48,346	***	$ 347,524	$ 238,474	46 %	$ 202,280	72 %
Net income per share - basic	$ 0.58	$ 0.60	(3 %)	$ 0.22	***	$ 1.57	$ 1.08	45 %	$ 0.93	69 %
Net income per share - diluted	$ 0.58	$ 0.60	(3 %)	$ 0.22	***	$ 1.56	$ 1.08	44 %	$ 0.93	68 %

*** Not meaningful

Revenues

Our Subscription revenue category includes revenue earned from cable and satellite providers for the right to carry our signals and the distribution of TEGNA stations on OTT streaming services. Our AMS category includes all sources of our traditional television advertising and digital revenues including Premion and other digital advertising and marketing revenues across our platforms.

Our revenues and operating results are subject to seasonal fluctuations. Generally, our second and fourth quarter revenues and operating results are stronger than those we report for the first and third quarter. This is driven by the second quarter reflecting increased spring seasonal advertising, while the fourth quarter typically includes increased advertising related to the holiday season. In addition, our revenue and operating results are subject to significant fluctuations across yearly periods resulting from political advertising. In even numbered years, political spending is usually significantly higher than in odd numbered years due to advertising for the local, state and national elections. Additionally, every four years, we typically experience even greater increases in political advertising in connection with the presidential election. The strong demand for advertising from political advertisers in these even years can result in the significant use of our available inventory (leading to a "crowd out" effect), which can diminish our AMS revenue in the even year of a two year election cycle, particularly in the fourth quarter of those years.

The following table summarizes the year-over-year changes in our revenue categories (in thousands):

	Quarter ended Sept. 30,					Nine months ended Sept. 30,				
	2021	2020	Change from 2020	2019	Change from 2019	2021	2020	Change from 2020	2019	Change from 2019
Subscription	$ 368,672	$ 316,677	16 %	$ 240,735	53 %	$ 1,130,490	$ 972,954	16 %	$ 718,472	57 %
Advertising & Marketing Services	364,234	298,605	22 %	297,333	23 %	1,027,957	822,841	25 %	851,304	21 %
Political	15,010	116,494	(87)%	8,131	85 %	34,019	181,425	(81)%	14,064	***
Other	8,571	6,613	30 %	5,658	51 %	23,980	22,985	4 %	21,702	10 %
Total revenues	$ 756,487	$ 738,389	2 %	$ 551,857	37 %	$ 2,216,446	$ 2,000,205	11 %	$ 1,605,542	38 %

*** Not meaningful

2021 vs. 2020

Total revenues increased $18.1 million in the third quarter of 2021 and $216.2 million in the first nine months of 2021 compared to the same periods in 2020. The net increases were primarily due to growth in AMS revenue ($65.6 million third quarter, $205.1 million first nine months) reflecting higher demand for television and digital advertising (as fiscal year 2020 was adversely impacted by reduced demand due to the COVID-19 pandemic). Growth in subscription revenue ($52.0 million third quarter, $157.5 million first nine months) primarily due to annual rate increases under existing and newly renegotiated retransmission agreements, partially offset by declines in subscribers, also contributed to our increases in revenues. These increases were partially offset by a decrease in political revenue ($101.5 million third quarter and $147.4 million first nine months), following the 2020 presidential election year.

2021 vs. 2019

Total revenues increased $204.6 million in the third quarter of 2021 and $610.9 million in the first nine months of 2021 compared to the same periods in 2019. Our 2019 Acquisitions contributed total revenues of $74.3 million and $298.0 million in the third quarter and first nine months of 2021, respectively. Excluding the 2019 Acquisitions, total revenues increased $130.3 million and $312.9 million in the third quarter and first nine months of 2021, respectively. The increases were primarily due to a rise in subscription revenues ($85.3 million third quarter, $259.8 million first nine months) primarily due to annual rate increases under existing and newly renegotiated retransmission agreements, partially offset by declines in subscribers. Also contributing to the increase was AMS revenue ($36.5 million third quarter, $31.0 million first nine months), driven in part by Premion and political revenue ($6.1 million third quarter, $17.8 million first nine months).

Cost of Revenues

2021 vs. 2020

Cost of revenues increased $20.6 million in the third quarter of 2021 and $87.6 million in the first nine months of 2021 compared to the same periods in 2020. The increases were primarily due to growth in programming costs ($19.1 million third quarter, $60.6 million first nine months) driven by a rise in rates under existing and newly renegotiated affiliation agreements and growth in subscription revenues (certain programming costs are linked to such revenues). Higher digital expenses of $11.8 million driven by growth in Premion also contributed to the increase in the first nine months.

2021 vs. 2019

Cost of revenues increased $93.3 million in the third quarter of 2021 and $318.5 million in the first nine months of 2021 compared to the same periods in 2019. Our 2019 Acquisitions added cost of revenues of $42.1 million and $159.2 million in the third quarter and first nine months of 2021, respectively. Excluding the 2019 Acquisitions, cost of revenues increased $51.2 million and $159.3 million in the third quarter and first nine months of 2021, respectively. The increases were partially due to rising programming costs ($48.2 million third quarter, $141.3 million first nine months). Higher digital expenses of $5.3 million driven by growth in Premion also contributed to the increase in the first nine months.

Business Units - Selling, General and Administrative Expenses

2021 vs. 2020

Business unit selling, general and administrative expenses (SG&A) increased $10.5 million in the third quarter of 2021 and $18.8 million in the first nine months of 2021 compared to the same periods in 2020. The increases were partially due to higher professional fees ($1.6 million third quarter, $11.0 million first nine months). Also contributing was a rise in marketing costs ($2.2 million third quarter, $5.4 million first nine months). Sales commissions and other selling costs also increased ($8.6 million third quarter, $13.2 million first nine months) driven by growth in AMS revenues. The nine months increase was partially offset by a $7.0 million reduction in bad debt expense attributed to improved collection trends as a result of continued recovery in the U.S. economy.

2021 vs. 2019

Business unit SG&A expenses increased $22.0 million in the third quarter of 2021 and $62.9 million in the first nine months of 2021 compared to the same periods in 2019. Our 2019 Acquisitions added business unit SG&A expenses of $7.5 million and $32.7 million in the third quarter and first nine months of 2021, respectively. Excluding the 2019 Acquisitions, SG&A expenses increased $14.5 million and $30.2 million in the third quarter and first nine months of 2021, respectively. The increases were primarily due to higher sales commissions and other selling costs (approximately $9.3 million third quarter, $15.3 million first nine months) driven by growth in AMS revenues. Also contributing were higher professional fees ($3.3 million third quarter, $11.1 million first nine months). Stock based compensation expense was also higher ($1.1 million third quarter, $2.9 million first nine months) and was driven by our higher stock price. These increases were partially offset by reductions in bad debt expense ($1.0 million third quarter, $3.0 million first nine months).

Corporate General and Administrative Expenses

Our corporate costs are separated from our business expenses and are recorded as general and administrative expenses in our Consolidated Statement of Income. This category primarily consists of broad corporate management functions including Legal, Human Resources, and Finance, as well as activities and costs not directly attributable to the operations of our media business.

2021 vs. 2020

Corporate general and administrative expenses increased $0.6 million in the third quarter of 2021 and decreased $9.3 million in the first nine months of 2021 compared to the same periods in 2020. The nine months decrease was primarily driven by a $6.5 million decline in advisory fees related to activism defense. Also contributing to the decrease in the first nine months of 2021 was the absence of $4.6 million of M&A due diligence costs. The decrease in the first nine months of 2021 was partially offset by an increase in stock based compensation expense of $2.3 million driven by our higher stock price.

2021 vs. 2019

Corporate general and administrative expenses decreased $17.9 million in the third quarter of 2021 and $8.4 million in the first nine months of 2021 compared to the same periods in 2019. The decreases were primarily due to the absence of acquisition-related costs, ($20.0 million third quarter, $29.1 million first nine months) due to the reduction in acquisition activity in 2021. Partially offsetting the first nine months decrease was an increase of $16.6 million in advisory fees related to activism defense and a $1.6 million increase in stock based compensation expense due to our higher stock price.

Depreciation Expense

2021 vs. 2020

Depreciation expense increased by $0.7 million in the third quarter of 2021 and decreased $1.2 million in the first nine months of 2021 compared to the same periods in 2020. The decrease in the first nine months of 2021 was due to a decline in capital expenditures following the onset of COVID-19, resulting in less depreciation in 2021.

2021 vs. 2019

Depreciation expense increased by $1.4 million in the third quarter of 2021 and $3.7 million in the first nine months of 2021 compared to the same periods in 2019. Our 2019 Acquisitions added depreciation expense of $2.5 million and $8.3 million in the third quarter and first nine months of 2021, respectively. Excluding the impact of the 2019 Acquisitions, depreciation expense decreased $1.1 million and $4.6 million in the third quarter and first nine months of 2021, respectively, primarily due to a decline in capital expenditures following the onset of COVID-19 and certain assets reaching the end of their assumed useful lives.

Amortization Expense

2021 vs. 2020

Amortization expense decreased $1.3 million in the third quarter of 2021 and $3.3 million in the first nine months of 2021 compared to the same periods in 2020. The decreases were due to certain assets reaching the end of their assumed useful lives and therefore becoming fully amortized.

2021 vs. 2019

Amortization expense increased $0.8 million in the third quarter of 2021 and $14.8 million in the first nine months of 2021 compared to the same periods in 2019. Our 2019 Acquisitions added amortization expense of $3.9 million and $22.9 million in the third quarter and first nine months of 2021, respectively. Excluding the impact of the 2019 Acquisitions, amortization expense decreased $3.1 million and $8.1 million in the third quarter and first nine months of 2021, respectively, due to certain assets reaching the end of their assumed useful lives.

Spectrum Repacking Reimbursements and Other, net

2021 vs. 2020

Spectrum repacking reimbursements and other net losses were $0.5 million in the third quarter of 2021 compared to net gains of $2.9 million in the same period in 2020 and net gains of $2.4 million in the first nine months of 2021 compared to $10.5 million in the same period in 2020. The 2021 activity is related to reimbursements received from the Federal Communications Commission (FCC) for required spectrum repacking ($0.6 million third quarter, $5.0 million first nine months), offset by a $1.1 million write off of certain assets for both periods and a $1.5 million contract termination fee which impacted the first nine months. The 2020 activity primarily consists of reimbursements received from the FCC for required spectrum repacking ($2.9 million third quarter, $12.7 million first nine months), partially offset by $2.1 million impairment charge due to the retirement of a brand name that impacted the first nine months.

2021 vs. 2019

Spectrum repacking reimbursements and other net losses were $0.5 million in the third quarter of 2021 compared to an immaterial amount in the same period in 2019 and $2.4 million of gains in the first nine months of 2021 compared to $11.4 million of gains in the same period in 2019. The 2021 activity consists of the items discussed above. The 2019 activity reflects gains due to reimbursements received from the FCC ($5.5 million third quarter, $14.0 million first nine months). The first nine months of 2019 also included a gain of $2.9 million as a result of the sale of real estate, partially offset by one-time contract termination and incremental transition costs of $5.5 million related to bringing our national sales organization in-house, which impacted both periods of 2019.

Operating Income

2021 vs. 2020

Our operating income decreased $16.4 million in the third quarter of 2021 and increased $115.5 million in the first nine months of 2021 compared to the same periods in 2020. The decrease in the third quarter was driven by the changes in revenue and expenses discussed above, but primarily a decline in high-margin political revenue. The increase in the first nine months was driven by the changes in revenue and expenses discussed above, most notably the growth of AMS and subscription revenue.

2021 vs. 2019

Our operating income increased $104.5 million in the third quarter of 2021 and $210.5 million in the first nine months of 2021 compared to the same periods in 2019. Results from our 2019 Acquisitions added operating income of $18.3 million in the first quarter of 2021 and $74.8 million in the first nine months of 2021. Excluding the 2019 Acquisitions, operating income increased $86.2 million and $135.7 million in the third quarter and first nine months of 2021, respectively, driven by the changes in revenue and expenses discussed above.

Non-Operating Expenses

Non-operating expenses decreased $7.7 million in the third quarter of 2021 compared to the same period in 2020. This decrease was primarily due to an interest expense decline of $5.4 million driven by lower average outstanding debt partially offset by higher average interest rate. Total average outstanding debt was $3.37 billion for the third quarter of 2021, compared to $4.04 billion in the same period of 2020. The weighted average interest rate on outstanding debt was 5.18% for the third quarter of 2021, compared to 4.89% in the same period of 2020.

In the first nine months of 2021, non-operating expenses decreased $28.6 million compared to the same period in 2020. This decrease was primarily due to interest expense declining $21.2 million driven by lower average outstanding debt partially offset by higher average interest rate. The average debt outstanding was $3.46 billion for the first nine months of 2021, compared to $4.12 billion in the same period of 2020. The weighted average interest rate on outstanding debt was 5.13% for the first nine months of 2021, compared to 4.99% in the same period of 2020. The decrease was also due to the absence of a $13.8 million call premium related to the repayment of our 2023 Senior Notes and expense of $7.9 million of previously deferred financing fees associated with the 2023 and 2020 Senior Notes that were accelerated due to these note's early repayments. Partially offsetting these decreases was a decline in equity earnings of $14.5 million from our CareerBuilder investment (which sold its employment screening business in 2020 resulting in our share of a gain of $18.6 million).

Income Tax Expense

Income tax expense decreased $5.1 million in the third quarter of 2021 compared to the same period in 2020. Income tax expense increased $33.8 million in the first nine months of 2021 compared to the same period in 2020. The income tax expense fluctuations were primarily due to changes in net income before tax. Our effective income tax rate was 22.3% for the third quarter of 2021, compared to 24.1% for the third quarter of 2020. The tax rate for the third quarter of 2021 is lower than the comparable rate in 2020 primarily due to discrete tax benefits realized related to a previously-disposed business. Our effective income tax rate was 22.9% for the first nine months of 2021, which is comparable to the effective tax rate of 22.6% for the same period in 2020.

Net Income attributable to TEGNA Inc.

Net income attributable to TEGNA Inc. was $128.3 million, or $0.58 per diluted share, in the third quarter of 2021 compared to $132.2 million, or $0.60 per diluted share, during the same period in 2020. For the first nine months of 2021, net income attributable to TEGNA Inc. was $347.5 million, or $1.56 per diluted share, compared to $238.5 million, or $1.08 per diluted share, for the same period in 2020. Both income and earnings per share were affected by the factors discussed above.

The weighted average number of diluted common shares outstanding in the third quarter of 2021 and 2020 were 222.8 million and 220.0 million, respectively. The weighted average number of diluted shares outstanding in the first nine months of 2021 and 2020 was 222.2 million and 219.4 million, respectively.

Results from Operations - Non-GAAP Information

Presentation of Non-GAAP information

We use non-GAAP financial performance measures to supplement the financial information presented on a GAAP basis. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the related GAAP measures, nor should they be considered superior to the related GAAP measures, and should be read together with financial information presented on a GAAP basis. Also, our non-GAAP measures may not be comparable to similarly titled measures of other companies.

Management and our Board of Directors use non-GAAP financial measures for purposes of evaluating company performance. Furthermore, the Leadership Development and Compensation Committee of our Board of Directors uses non-GAAP measures such as Adjusted EBITDA, non-GAAP net income, non-GAAP EPS and free cash flow to evaluate management's performance. Therefore, we believe that each of the non-GAAP measures presented provides useful information to investors and other stakeholders by allowing them to view our business through the eyes of management and our Board of Directors, facilitating comparisons of results across historical periods and focus on the underlying ongoing operating performance of our business. We also believe these non-GAAP measures are frequently used by investors, securities analysts and other interested parties in their evaluation of our business and other companies in the broadcast industry.

We discuss in this Form 10-Q non-GAAP financial performance measures that exclude from our reported GAAP results the impact of "special items" which are described in detail below in the section titled "Discussion of Special Charges Affecting Reported Results." We believe that such expenses and gains are not indicative of normal, ongoing operations. While these items may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods as these items can vary significantly from period to period depending on specific underlying transactions or events that may occur. Therefore, while we may incur or recognize these types of expenses and gains in the future, we believe that removing these items for purposes of calculating the non-GAAP financial measures provides investors with a more focused presentation of our ongoing operating performance.

We discuss Adjusted EBITDA (with and without corporate expenses), a non-GAAP financial performance measure that we believe offers a useful view of the overall operation of our businesses. We define Adjusted EBITDA as net income attributable to TEGNA before (1) net (income) loss attributable to redeemable noncontrolling interest, (2) income taxes, (3) interest expense, (4) equity (loss) income in unconsolidated investments, net, (5) other non-operating items, net, (6) M&A due diligence costs, (7) advisory fees related to activism defense, (8) spectrum repacking reimbursements and other, net, (9) depreciation and (10) amortization. We believe these adjustments facilitate company-to-company operating performance comparisons by removing potential differences caused by variations unrelated to operating performance, such as capital structures (interest expense), income taxes, and the age and book appreciation of property and equipment (and related depreciation expense). The most directly comparable GAAP financial measure to Adjusted EBITDA is Net income attributable to TEGNA. Users should consider the limitations of using Adjusted EBITDA, including the fact that this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to purport to be an alternate to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. In particular, Adjusted EBITDA is not intended to be a measure of cash flow available for management's discretionary expenditures, as this measure does not consider certain cash requirements, such as working capital needs, capital expenditures, contractual commitments, interest payments, tax payments and other debt service requirements.

We also discuss free cash flow, a non-GAAP performance measure that the Board of Directors uses to review the performance of the business. Free cash flow is reviewed by the Board of Directors as a percentage of revenue over a trailing two-year period (reflecting both an even and odd year reporting period given the political cyclicality of our business). The most directly comparable GAAP financial measure to free cash flow is Net income attributable to TEGNA. Free cash flow is calculated as non-GAAP Adjusted EBITDA (as defined above), further adjusted by adding back (1) stock-based compensation, (2) non-cash 401(k) company match, (3) syndicated programming amortization, (4) dividends received from equity method investments and (5) reimbursements from spectrum repacking. This is further adjusted by deducting payments made for (1) syndicated programming, (2) pension, (3) interest, (4) taxes (net of refunds) and (5) purchases of property and equipment. Like Adjusted EBITDA, free cash flow is not intended to be a measure of cash flow available for management's discretionary use.

Discussion of Special Charges Affecting Reported Results

Our results included the following items we consider “special items” that, while at times recurring, can vary significantly from period to period:

Quarter and nine months ended September 30, 2021:

- Spectrum repacking reimbursements and other, net consisting of gains due to reimbursements from the FCC for required spectrum repacking, a contract termination fee and the write off of certain fixed assets;
- Advisory fees related to activism defense;
- Other non-operating items consisting of a gain due to an observable price increase in an equity investment; and
- Net deferred tax benefits as a result of state tax planning strategies implemented during the second quarter of 2021 and deferred tax benefits related to partial capital loss valuation allowance release.

Quarter and nine months ended September 30, 2020:

- Workforce restructuring expense which included payroll and related benefit costs at our stations (including the shutdown of our TMS Phoenix operations) and corporate headquarters;
- Spectrum repacking reimbursements and other, net consists of gains due to reimbursements from the FCC for required spectrum repacking, partially offset by an intangible asset impairment charge due to the retirement of a brand name;
- Advisory fees related to activism defense;
- M&A due diligence costs we incurred to assist prospective buyers of our company with their due diligence;
- A gain recognized in our equity income in unconsolidated investments, related to our share of CareerBuilder’s gain on the sale of its employment screening business;
- Other non-operating items primarily related to costs incurred in connection with the early extinguishment of debt; and
- Deferred tax benefits related to partial capital loss valuation allowance release.

Reconciliations of certain line items impacted by special items to the most directly comparable financial measure calculated and presented in accordance with GAAP on our Consolidated Statements of Income follow (in thousands, except per share amounts):

		Special Items			
Quarter ended Sept. 30, 2021	GAAP measure	Spectrum repacking reimbursements and other	Other non-operating items	Special tax items	Non-GAAP measure
Spectrum repacking reimbursements and other, net	$ 504	$ (504)	$ —	$ —	$ —
Operating expenses	545,137	(504)	—	—	544,633
Operating income	211,350	504	—	—	211,854
Other non-operating items, net	2,486	—	(1,941)	—	545
Income before income taxes	165,569	504	(1,941)	—	164,132
Provision for income taxes	36,870	115	(502)	4,347	40,830
Net income attributable to TEGNA Inc.	128,280	389	(1,439)	(4,347)	122,883
Net income per share-diluted	$ 0.58	$ —	$ (0.01)	$ (0.02)	$ 0.55

		Special Items		
Quarter ended Sept. 30, 2020	GAAP measure	Workforce restructuring expense	Spectrum repacking reimbursements and other	Non-GAAP measure
Cost of revenues	$ 379,185	$ (595)	$ —	$ 378,590
Business units - Selling, general and administrative expenses	89,943	(372)	—	89,571
Corporate - General and administrative expenses	11,263	(54)	—	11,209
Spectrum repacking reimbursements and other, net	(2,902)	—	2,902	—
Operating expenses	510,688	(1,021)	2,902	512,569
Operating income	227,701	1,021	(2,902)	225,820
Income before income taxes	174,237	1,021	(2,902)	172,356
Provision for income taxes	41,967	256	(749)	41,474
Net income attributable to TEGNA Inc.	132,219	765	(2,153)	130,831
Net income per share-diluted	$ 0.60	$ —	$ (0.01)	$ 0.59

Nine months ended Sept. 30, 2021	GAAP measure	Special Items: Advisory fees related to activism defense	Special Items: Spectrum repacking reimbursements and other	Special Items: Other non-operating items	Special Items: Special tax items	Non-GAAP measure
Corporate - General and administrative expenses	$ 51,944	$ (16,611)	$ —	$ —	$ —	$ 35,333
Spectrum repacking reimbursements and other, net	(2,394)	—	2,394	—	—	—
Operating expenses	1,623,644	(16,611)	2,394	—	—	1,609,427
Operating income	592,802	16,611	(2,394)	—	—	607,019
Equity income (loss) in unconsolidated investments, net	(5,716)	—	—	—	—	(5,716)
Other non-operating items, net	4,340	—	—	(1,941)	—	2,399
Total non-operating expenses	(140,947)	—	—	(1,941)	—	(142,888)
Income before income taxes	451,855	16,611	(2,394)	(1,941)	—	464,131
Provision for income taxes	103,470	4,291	(626)	(502)	7,144	113,777
Net income attributable to TEGNA Inc.	347,524	12,320	(1,768)	(1,439)	(7,144)	349,493
Net income per share-diluted	$ 1.56	$ 0.06	$ (0.01)	$ (0.01)	$ (0.03)	$ 1.57

Nine months ended Sept. 30, 2020	GAAP measure	Special Items: Workforce restructuring expense	Special Items: M&A due diligence costs	Special Items: Advisory fees related to activism defense	Special Items: Spectrum repacking reimbursements and other	Special Items: Gains on equity method investment	Special Items: Other non-operating items	Special Items: Special tax items	Non-GAAP measure
Cost of revenues	$ 1,103,920	$ (595)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,103,3
Business units - Selling, general and administrative expenses	267,919	(372)	—	—	—	—	—	—	267,5
Corporate - General and administrative expenses	61,289	(54)	(4,588)	(23,087)	—	—	—	—	33,5
Spectrum repacking reimbursements and other, net	(10,533)	—	—	—	10,533	—	—	—	
Operating expenses	1,522,869	(1,021)	(4,588)	(23,087)	10,533	—	—	—	1,504,7
Operating income	477,336	1,021	4,588	23,087	(10,533)	—	—	—	495,4
Equity income (loss) in unconsolidated investments, net	8,407	—	—	—	—	(18,585)	—	—	(10,1
Other non-operating items, net	(17,270)	—	—	—	—	—	21,744	—	4,4
Total non-operating expenses	(169,596)	—	—	—	—	(18,585)	21,744	—	(166,4
Income before income taxes	307,740	1,021	4,588	23,087	(10,533)	(18,585)	21,744	—	329,0
Provision for income taxes	69,699	256	1,151	5,801	(2,766)	(4,670)	5,463	3,944	78,8
Net income attributable to TEGNA Inc.	238,474	765	3,437	17,286	(7,767)	(13,915)	16,281	(3,944)	250,6
Net income per share-diluted [(a)]	$ 1.08	$ —	$ 0.02	$ 0.08	$ (0.04)	$ (0.06)	$ 0.07	$ (0.02)	$ 1

[(a)] Per share amounts do not sum due to rounding.

Adjusted EBITDA - Non-GAAP

Reconciliations of Adjusted EBITDA to net income presented in accordance with GAAP on our Consolidated Statements of Income are presented below (in thousands):

	Quarter ended Sept. 30,			Nine months ended Sept. 30,		
	2021	2020	Change	2021	2020	Change
Net income attributable to TEGNA Inc. (GAAP basis)	$ 128,280	$ 132,219	(3 %)	$ 347,524	$ 238,474	46 %
Plus (Less): Net income (loss) attributable to redeemable noncontrolling interest	419	51	***	861	(433)	***
Plus: Provision for income taxes	36,870	41,967	(12 %)	103,470	69,699	48 %
Plus: Interest expense	46,477	51,896	(10 %)	139,571	160,733	(13 %)
Plus (Less): Equity loss (income) in unconsolidated investments, net	1,790	2,529	(29 %)	5,716	(8,407)	***
(Less) Plus: Other non-operating items, net	(2,486)	(961)	***	(4,340)	17,270	***
Operating income (GAAP basis)	211,350	227,701	(7 %)	592,802	477,336	24 %
Plus: Workforce restructuring expense	—	1,021	***	—	1,021	***
Plus: M&A due diligence and acquisition-related costs	—	—	***	—	4,588	***
Plus: Advisory fees related to activism defense	—	—	***	16,611	23,087	(28 %)
Plus (Less): Spectrum repacking reimbursements and other, net	504	(2,902)	***	(2,394)	(10,533)	(77 %)
Adjusted operating income (non-GAAP basis)	211,854	225,820	(6 %)	607,019	495,499	23 %
Plus: Depreciation	16,792	16,086	4 %	48,526	49,697	(2 %)
Plus: Amortization of intangible assets	15,774	17,113	(8 %)	47,307	50,577	(6 %)
Adjusted EBITDA (non-GAAP basis)	**244,420**	**259,019**	**(6 %)**	**702,852**	**595,773**	**18 %**
Corporate - General and administrative expense (non-GAAP basis)	11,891	11,209	6 %	35,333	33,560	5 %
Adjusted EBITDA, excluding Corporate (non-GAAP basis)	**$ 256,311**	**$ 270,228**	**(5 %)**	**$ 738,185**	**$ 629,333**	**17 %**

*** Not meaningful

In the third quarter of 2021 Adjusted EBITDA margin was 34% without corporate expense or 32% with corporate expense, compared to third quarter of 2020 Adjusted EBITDA margin of 37% without corporate expense or 35% with corporate expense. For the nine months ended September 30, 2021, Adjusted EBITDA margin was 33% without corporate expense or 32% with corporate expense, compared to nine months ended September 30, 2020 Adjusted EBITDA of 31% without corporate expense or 30% with corporate expense. These margin decreases were primarily driven by the operational factors discussed above within the revenue and operating expense fluctuation explanation sections, most notably the decline in high margin political revenue.

Free Cash Flow Reconciliation

Our free cash flow, a non-GAAP performance measure, was $1.24 billion for the two-year period ended September 30, 2021.

Reconciliation from "Net income" to "Free cash flow" follow (in thousands):

		Two-year period ended Sept. 30, 2021
Net income attributable to TEGNA Inc. (GAAP basis)	$	914,257
Plus: Provision for income taxes		294,453
Plus: Interest expense		410,169
Plus: M&A due diligence and acquisition-related costs		6,252
Plus: Depreciation		131,100
Plus: Amortization		132,571
Plus: Stock-based compensation		49,702
Plus: Company stock 401(k) contribution		33,116
Plus: Syndicated programming amortization		141,983
Plus: Workforce restructuring expense		5,933
Plus: Advisory fees related to activism defense		45,778
Plus: Cash dividend from equity investments for return on capital		9,235
Plus: Cash reimbursements from spectrum repacking		21,209
Plus: Other non-operating items, net		24,691
Plus: Net income attributable to redeemable noncontrolling interest		846
Plus: Reimbursement from Company-owned life insurance policies		530
Less: Income tax payments, net of refunds		(242,077)
Less: Equity income in unconsolidated investments, net		(3,908)
Less: Spectrum repacking reimbursements and other, net		(6,285)
Less: Syndicated programming payments		(147,411)
Less: Pension contributions		(25,230)
Less: Interest payments		(434,763)
Less: Purchases of property and equipment		(122,042)
Free cash flow (non-GAAP basis)	$	1,240,109
Revenue	$	5,848,181
Free cash flow as a % of Revenue		21.2 %

Liquidity, Capital Resources and Cash Flows

Our operations have historically generated strong positive cash flow which, along with availability under our existing revolving credit facility and cash and cash equivalents on hand, have been sufficient to fund our capital expenditures, interest expense, dividends, investments in strategic initiatives (including acquisitions) and other operating requirements.

The COVID-19 pandemic has had far-reaching impacts on many aspects of our operations, directly and indirectly, including our employees, consumer behavior, distribution of our content, our vendors, and the overall market. The full impact of the COVID-19 pandemic, particularly with regard to the broader advertising industry, remains uncertain and continues to evolve. However, during the first nine months of 2021, the U.S. economy continued on a path towards recovery with millions of Americans receiving COVID-19 vaccines, states and municipalities increasingly reopening and continued growth in employment, although the Delta variant of the virus continues to cause concern. In addition, the U.S. federal government continued to enact policies to provide fiscal stimulus to the economy and relief to those affected by the pandemic, with stimulus bolstering household finances as well as those of small businesses, states and municipalities.

The improving conditions around the pandemic, coupled with strategic actions we've taken with our 2020 and 2019 debt refinancings and reduction of discretionary spending, have helped strengthen our financial position. On March 29, 2021, we announced that our Board of Directors approved a dividend increase of ten cents per share on an annual basis, to $0.38 per common share (approximately 2.0% dividend yield as of June 30, 2021), which represents an approximately 36% increase above the prior dividend. On September 9, 2021, we announced that our $300 million share repurchase program is expected to be completed by year-end 2022, one year earlier than planned, given that we have now achieved our planned debt reduction targets. These two capital allocation programs demonstrate the Board's and management's confidence in our business and continued focus on making prudent, disciplined decisions intended to drive near and long-term shareholder value. Our capital allocation decisions focus on optimizing investments in organic and inorganic growth opportunities, paying down debt, issuing dividends, and repurchasing shares.

As of September 30, 2021, we were in compliance with all covenants contained in our debt agreements and credit facility and our leverage ratio, calculated in accordance with our revolving credit agreement, was 3.35x, well below the permitted leverage ratio of less than 5.5x. The leverage ratio is calculated using annualized adjusted EBITDA (as defined in the agreement) for the trailing eight quarters. We believe that we will remain compliant with all covenants for the foreseeable future.

As of September 30, 2021, our total debt was $3.34 billion, cash and cash equivalents totaled $51.2 million, and we had unused borrowing capacity of $1.35 billion under our revolving credit facility. Approximately $3.23 billion, or 96%, of our debt has a fixed interest rate.

Our financial and operating performance, as well as our ability to generate sufficient cash flow to maintain compliance with credit facility covenants, are subject to certain risk factors. See Item 1A. "Risk Factors," in our 2020 Annual Report on Form 10-K for further discussion. We expect our existing cash and cash equivalents, cash flow from our operations, and borrowing capacity under the revolving credit facility will be more than sufficient to satisfy our debt service obligations, capital expenditure requirements, discretionary share repurchases, and working capital needs for the next twelve months.

Cash Flows

The following table provides a summary of our cash flow information followed by a discussion of the key elements of our cash flow (in thousands):

	Nine months ended Sept. 30,	
	2021	2020
Balance of cash and cash equivalents beginning of the period	$ 40,968	$ 29,404
Operating activities:		
Net income	348,385	238,041
Depreciation, amortization and other non-cash adjustments	138,261	117,468
Pension contributions, net of income	(14,821)	(8,144)
(Increase) decrease in trade receivables	(49,687)	73,838
(Decrease) increase in interest and taxes payable	(76,372)	13,793
Other, net	(3,162)	80,755
Cash flow from operating activities	342,604	515,751
Investing activities:		
Payments for acquisitions of businesses and other assets, net of cash acquired	(13,335)	(15,841)
All other investing activities	(32,021)	(8,571)
Cash flow used for investing activities	(45,356)	(24,412)
Cash flow used for financing activities	(287,002)	(356,157)
Increase in cash and cash equivalents	10,246	135,182
Balance of cash and cash equivalents end of the period	$ 51,214	$ 164,586

Operating Activities - Cash flow from operating activities was $342.6 million for the nine months ended September 30, 2021, compared to $515.8 million for the same period in 2020. Driving the decrease in operating cash flow was a decline of $147.4 million in political revenue (which is paid upfront and provides immediate benefit to operating cash flow). In addition, we had an increase in tax payments of $106.7 million in the nine months ended September 30, 2021 compared to the same period in 2020. This was driven by the adverse impact of COVID-19 on our 2020 financial results, particularly during the first six months of 2020. The subsequent recovery in demand for advertising thereafter resulted in an increase in our taxable income, and led to the increase in tax payments in the first nine months of 2021. Partially offsetting the decline in operating cash flow resulting from lower political revenues and higher tax payments, were increases in operating cash flows during the nine months ended September 30, 2021, associated with higher AMS and subscription revenues.

Investing Activities - Cash flow used for investing activities was $45.4 million for the nine months ended September 30, 2021, compared to $24.4 million for the same period in 2020. The increase was partially due to a $8.8 million increase in the purchase of property and equipment. Also contributing to the increase was a $7.6 million decline in spectrum repack reimbursements in 2021.

Financing Activities - Cash flow used for financing activities was $287.0 million for the nine months ended September 30, 2021, compared to $356.2 million for the same period in 2020. The change was primarily due to debt activity in 2020. Specifically, in January 2020 we issued $1.0 billion of unsecured notes, the proceeds of which were used to early redeem $650.0 million of unsecured notes due in October 2023 and $310.0 million due in July 2020. Additionally, in September 2020 we issued $550 million of senior unsecured notes. We incurred fees of $36.9 million related to these debt issuances, and an amendment of the revolving credit facility. We also had net repayments of $219.0 million on our revolving credit facility early in the first nine months of 2021 as compared to net repayments of $728.0 million in the first nine months of 2020.

Certain Factors Affecting Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q contain forward-looking statements regarding business strategies, market potential, future financial performance and other matters, which include, but are not limited to the adverse impacts caused by the COVID-19 pandemic and its effect on our revenues, particularly our non-political advertising revenues. The words "believe," "expect," "estimate," "could," "should," "intend," "may," "plan," "seek," "anticipate," "project" and similar expressions, among others, generally identify "forward-looking statements". These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements, including those described within Item 1A. "Risk Factors" in our 2020 Annual Report on Form 10-K.

Our actual financial results may be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this Form 10-Q speak only as of the date of its filing. Except where required by applicable law, we expressly disclaim a duty to provide updates to forward-looking statements after the date of this Form 10-Q to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this Form 10-Q are intended to be subject to the safe harbor protection provided by the federal securities laws.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, refer to the following section of our 2020 Annual Report on Form 10-K: "Item 7A. Quantitative and Qualitative Disclosures about Market Risk." Our exposures to market risk have not changed materially since December 31, 2020.

As of September 30, 2021, approximately $3.23 billion of our debt has a fixed interest rate (which represents approximately 96% of our total principal debt obligation). Our remaining debt obligation of $136 million has floating interest rates. These obligations fluctuate with market interest rates. By way of comparison, a 50 basis points increase or decrease in the average interest rate for these obligations would result in a change in annual interest expense of approximately $0.7 million. The fair value of our total debt, based on bid and ask quotes for the related debt, totaled $3.52 billion as of September 30, 2021 and $3.79 billion as of December 31, 2020.

Item 4. Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2021. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective, as of September 30, 2021, to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no material changes in our internal controls or in other factors during the fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9 to the condensed consolidated financial statements for information regarding our legal proceedings.

Item 1A. Risk Factors

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business, some level of risk and uncertainty will always be present. “Item 1A. Risk Factors” of our 2020 Annual Report on Form 10-K describes the risks and uncertainties that we believe may have the potential to materially affect our business, results of operations, financial condition, cash flows, projected results and future prospects. The information below represents an update to the cybersecurity risk factor disclosed in our 2020 Form 10-K. We do not believe that there have been any other material changes from the risk factors previously disclosed in our 2020 Annual Report on Form 10-K.

Our efforts to minimize the likelihood and impact of adverse cybersecurity incidents and to protect our technology and confidential information may not be successful and our business could be negatively affected

Our information technology systems are critically important to operating our business efficiently and effectively. We rely on our information technology systems to manage our business data, communications, news and advertising content, digital products, order entry, fulfillment and other business processes. As such, we are exposed to various cybersecurity threats, including but not limited to, threats to our information technology infrastructure, and unauthorized attempts to gain access to our confidential information, including third parties which receive our confidential information for business purposes. Further, advances in technology and the increasing sophistication of attackers have led to more frequent and effective cyberattacks, including advanced persistent threats by state-sponsored actors, cyberattacks relying on complex social engineering or “phishing” tactics, ransomware attacks, and other methods. We take measures to minimize the risk of a cyber-attack including utilization of multi-factor authentication, deployment of firewalls, virtual private networks for mobile connections, elevated access controls, standardized vendor access, active patching monitoring / logging, and conducting regular training of our employees related to protecting sensitive information and recognizing “phishing” attacks. These measures, however, may not be sufficient in preventing or timely detecting breaches or cyber-attacks due to the evolving nature and ever-increasing abilities of cyber-attacks. Depending on the severity of the breach or cyber-attack, such events could result in business interruptions, disclosure of nonpublic information, loss of sales and customers, misstated financial data, liabilities for stolen assets or information, diversion of our management’s attention, transaction errors, processing inefficiencies, increased cybersecurity protection costs, litigation, and financial consequences, any or all of which could adversely affect our business operations and reputation. In addition, cybersecurity breaches could subject us to civil liability to customers and other third parties as well as fines and penalties imposed by governmental or regulatory authorities which could be substantial. We maintain cyber risk insurance, but this insurance may be insufficient to cover all of our losses from breaches of our systems.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In December 2020, our Board of Directors authorized the renewal of our share repurchase program for up to $300.0 million of our common stock over the next three years. On September 9, 2021 we announced our repurchase program is expected to be completed by year-end 2022, one year earlier than planned. The shares may be repurchased at management’s discretion, either on the open market or in privately negotiated block transactions. Management’s decision to repurchase shares will depend on price, blackout periods and other corporate developments. Purchases may occur from time to time and no maximum purchase price has been set. In the third quarter and nine months ended September 30, 2021, no shares were repurchased.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

As stated in our press release on September 21, 2021 we have received, and the Board has been actively considering, acquisition proposals. We are carefully evaluating these proposals against our standalone prospects.

Item 6. Exhibits

Exhibit Number	Description
3-1	Fourth Restated Certificate of Incorporation of TEGNA Inc. (incorporated by reference to Exhibit 3-1 to TEGNA Inc.'s Form 8-K filed on May 12, 2021).
3-2	By-laws, as amended through May 12, 2021 (incorporated by reference to Exhibit 3-2 to TEGNA Inc.'s Form 8-K filed on May 12, 2021).
31-1	Rule 13a-14(a) Certification of CEO.
31-2	Rule 13a-14(a) Certification of CFO.
32-1	Section 1350 Certification of CEO.
32-2	Section 1350 Certification of CFO.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURE

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.

Date: November 4, 2021	TEGNA INC.
	/s/ Clifton A. McClelland III
	Clifton A. McClelland III
	Senior Vice President and Controller
	(on behalf of Registrant and as Principal Accounting Officer)

EXHIBIT 31-1

CERTIFICATIONS

I, David T. Lougee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TEGNA 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 officer 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 we 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 based 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 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 officer 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 the 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 control 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 control over financial reporting.

/s/ David T. Lougee

David T. Lougee
President and Chief Executive Officer (principal executive officer)

Date: November 4, 2021

EXHIBIT 31-2

CERTIFICATIONS

I, Victoria D. Harker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TEGNA 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 officer 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 we 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 based 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 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 officer 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 the 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 control 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 control over financial reporting.

/s/ Victoria D. Harker

Victoria D. Harker
Chief Financial Officer (principal financial officer)

Date: November 4, 2021

EXHIBIT 32-1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TEGNA Inc. (“TEGNA”) on Form 10-Q for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David T. Lougee, president and chief executive officer of TEGNA, 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 Report 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 TEGNA.

/s/ David T. Lougee

David T. Lougee
President and Chief Executive Officer (principal executive officer)

November 4, 2021

EXHIBIT 32-2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TEGNA Inc. (“TEGNA”) on Form 10-Q for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Victoria D. Harker, chief financial officer of TEGNA, 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 Report 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 TEGNA.

/s/ Victoria D. Harker

Victoria D. Harker
Chief Financial Officer (principal financial officer)

November 4, 2021