TEGNA

Investor Day 2017

Wednesday, May 17th, 2017

Introduction

Marjorie Magner

Chairman, TEGNA

Opening remarks

Good morning. Welcome everyone. We appreciate you joining us today for our 2017 TEGNA Investor Day. In advance of our separations in Cars.com we would like to give you an overview of what TEGNA is going to look like as an independent, leading media company, the opportunities we are pursuing to strengthen our position in the marketplace and our key growth drivers for the next few years. You will be hearing from Dave Lougee, currently President of TEGNA Media, and soon to be President and CEO of TEGNA. He will share the stage with our Executive Vice-President and Chief Financial Officer, Victoria Harker, and Ed Busby, Senior Vice-President of Strategy. I would also like to ask the following TEGNA executives to stand as I introduce them: Executive Vice-President and Chief Officer of Media Operations, Lynn Beall, over here; Chief Digital Officer, Andy Schneider, next to Lynn; and President of Premion, Jim Wilson. I want you to know who they are because I know after the presentations, for sure, you will want to talk with them. Lynn and Andy and Jim will be available to answer questions during the Q&A session after our prepared remarks.

Honoring of Gracia Martore

Before I hand it over to Dave, I would like to thank Gracia Martore who is here with us today, very relaxed. You have never seen Gracia this relaxed. On behalf of the Board of Directors and the entire company, I would like to thank you for the transformative impact you have had on TEGNA and its predecessor company, Gannett. You have worked tirelessly over the last five years to engineer and lead an impressive overhaul of the company, build our talented teams, expand our geographic footprints, enter new lines of business and spawn two additional, publicly-traded companies in the process. Your efforts as CEO represent a remarkable ending to an outstanding 30-year career at this company. Gracia, please stand.

Leadership transition

That was only half a stand but we will take it. Thank you for everything you have done for our shareholders, our customers, our employees and the communities we serve. While she leaves, big shoes to fill, I am happy to say that there is no one better suited to pick up the torch and lead TEGNA through the next transformation. The Board and I have the utmost confidence in Dave Lougee. Dave joined us as President of Gannett Broadcasting in July 2007 after a storied 25-year career at a variety of leading broadcasting companies and stations across the country. He was inducted into the Broadcasting and Cable Hall of Fame in 2015, is the joint Board Chairman of the National Association of Broadcasters and has served on several other corporate industry and non-profit Boards. He has been instrumental in the evolution and growth of our media business these last several years and we know he will do a great job as CEO of TEGNA. And with that, I will turn it over to Dave.

Investment Thesis

Dave Lougee

President, CEO, TEGNA

Introduction

Thank you Marge for the very kind words in the introduction. Welcome everybody this morning and thank you for joining us so early on what I know is a long week here in Midtown Manhattan this week. I am absolutely thrilled to be leading this next chapter at TEGNA. I am especially excited to be taking over our CEO position, as our media business moves ahead as a standalone company with dedicated resources and a strategic focus to capitalize on the unique opportunities ahead of us. I would also like to offer my special thanks to Gracia, who has been an invaluable partner and mentor to me and so many others for so many years. The team and I are committed to honoring your legacy and we are excited to take this outstanding business and the culture you have built and bring it to new heights.

Agenda

Before we proceed, my first time I am going to do this, please take a look at the forward-looking statements disclaimer. Now, having memorized that, we have a lot to cover today. First, I will provide an overview of our investment thesis, then I will talk to you about our growth strategy. Ed Busby will join us to discuss some of key strategic initiatives. I will provide our thoughts on the changing regulatory environment and how it especially may benefit TEGNA. Victoria Harker will then walk you through our capital structure allocation plans followed by our financial outlook. After that, we will be very happy to take your questions.

TEGNA Footprint

We own or operate 46 TV stations in 38 markets across this country, and we are the largest owner of top four affiliates in the top 25 markets. This will be true after the Sinclair-Tribune merger as well. We are among the top CBS and ABC affiliate groups, and are the largest NBC affiliate group. Our 46 stations reach collectively a third of all TV households nationwide. When we talk about scale, we have already got it. 27 of our 38 markets ranks number one or two in late news, 20 ranks one or two in morning news. Every day, around the clock, millions of Americans turn to us in multiple devices for trusted content, original storytelling and impactful investigations. Every day thousands of businesses rely on our marketing solutions to drive their results. We are driven by our strongly held values and our stated purpose to serve the greater good of our communities.

Benefit to shareholders

Now let me talk about how that benefits shareholders. Our investment thesis is clear and powerful. First, we are a best-in-class operator with strong financial discipline and industry-leading margins. Second, we have significant scale with unique mix of high-quality assets that consistently produce strong cash flow. Third, we are a leader in embracing change and driving innovation across our business. Fourth, we are uniquely well-positioned to benefit from the now changing regulatory environment. Finally, we have a balanced capital allocation strategy with a very strong balance sheet and leverage levels that will allow us to be strategically opportunistic.

Growth Strategy

Now, let us start with our growth strategy. We are embracing change, growing market share and expanding the markets we are targeting. We are accelerating the growth and monetization of our multi-platform businesses. We are growing subscriber revenues with both traditional cable and satellite operators, and expanding to new OTT entrants in light of shifting audience preferences. We are further diversifying our revenue base by investing in new business models that leverage our strong assets and scale. We are going to talk to you in detail about all of these.

Content

Let us begin with content. Why? Content is at the core of everything we do and need to do strategically in the future. It is the driver of success across all distribution channels and it will become even more important in the years ahead. The locally-relevant content that our stations product on every platform is the key ingredient that powers our current and future revenue opportunities. We are now being recognized nationally for our innovation in reinventing local journalism in the digital age. We are actively disrupting ourselves, shedding the traditional formats and habits from the past. Our content transformation is about relevance, deep engagement and making our content the consumers' first choice, increasing 'stickiness' no matter the platform. Data-driven programming decisions is the new fuel and digital is the new channel. Our approach to content is based on the philosophy that everything we need to do is data driven and multiplatform.

TEGNA Team

Let me introduce you to a few of the innovators who will represent how TEGNA is embracing change.

[VIDEO]

As you can see, we have an incredible and innovative team and culture that they are creating, that is driving our content transformation forward. As you heard, we are seeing some excellent results. For instance, Jana's Breaking the News up in Minneapolis is producing more revenue and is more profitable than the syndicated show it replaced.

Digital

Platforms

Creating unique shareable content means more revenue today and more negotiating leverage in the years ahead, as new distributors vie for our content. We are growing audiences across platforms. Each month we reach 32 million people across our digital platforms. We have 19 million social followers across Facebook, Twitter and Instagram, up 42% from last year in the first quarter alone. TEGNA is already one of the top ten publishers on Facebook. We are using the social network as a source of referral traffic back to our own platforms. Our monthly average native video plays on Facebook have been steadily increasing since the beginning of 2016, now averaging 320 million video plays per month. With these new platforms come new forms of monetization.

Markets

Our scale also gives us a unique opportunity to create original, live programming for all our TEGNA markets. In September, Daily Blast Live, affectionately known internally as DBL, our ground-breaking 30-minute multiplatform news and entertainment show, will run live in 36 TEGNA markets with multiple live feeds for different time zones. The show will be produced out of our station in Denver, giving us a much more cost-efficient production model. And because we are live we can use social media to allow our viewers to contribute to the shows content and conversation in real-time, something you can only do with live programming.

Live programming

As broadcasting increasingly competes with on-demand services, our strategic premise is that live programming will be more important than ever for local broadcasters. But it cannot all be local news. DBL represents forward-looking live programming made possible by our scale and our innovative culture. Also, it will be eligible for significant sponsored content dollars not available in traditional newscasts.

Advertising

On the advertising front, broadcast linear reviewing still represents an enormous percentage of time spent by consumers. According to Nielsen, the average American spent four hour and 23 minutes a day watching live television in the fourth quarter of 2016. That is down only four minutes from the previous year.

2018 Live Events

Still by far the largest form of media consumption is live TV viewing and for that reason, it remains central to our clients' marketing strategies. And there are some big events, live events that position us well for 2018. For the first time in a long time, we will have both the Winter Olympics and the Super Bowl on our large portfolio strong NBC stations in the same year, first time in a long time in the same year, and, in fact, the same quarter, the first quarter. As always, we will over-perform in ratings and revenue with both events as we always do. These big ticket live events, combined with our live events locally, are only growing in their value to brand advertisers, and our sales team has learned how to continually increase our revenue performance through some of the initiatives we will discuss shortly.

Political elections

Now turning to political advertising, before 2018 even arrives we will have a contested Virginia Governor's race later this year benefitting our Norfolk and Washington D.C. markets. However, next year, we see the makings of an unprecedented off-year, mid-term election cycle. Fundraising for Congressional and Gubernatorial candidates is already at record levels at this early stage. And I think it is intuitively obvious to all of us that the energy and emotion around the current political environment will lead to record levels of fundraising and spending.

Because we are in a third of the country, we will obviously have a third of all the House races, but what matters from a spending standpoint is how many of them are competitive. The early indications are that we will have more than our fair share of competitive House races. The Democrats are also upping their focus on the Governor's races. There are 36 governors' races nationwide next year and we have half of them. Of those 18, looks like about half of those will be competitive at this point. In the Senate, we have 14 of the 34 seats that are up next year and this time, it appears, a third to a half of them to be competitive.

As a reminder, despite all the press around Presidential spending being down last year due to the Trump factor, local broadcast spending for the House and Senate was up from the previous Congressional election. Local elections are not won on Twitter. Our viewers are voters and local broadcasting remains the core of any local campaign strategy. Bottom line, a lot can happen between now and then, and there is no way to put a number to it yet. But writ large for the industry, we expect 2018 will be a very healthy off-year election.

Looking beyond 2018, it is worth noting that most of our strong political dollars come from everywhere but Texas, where we reach 84% of the population with very strong stations. Many experts have forecasted that by 2020 Texas and Arizona, where we also have a large footprint, may be purple states. And for us that would be a game changer.

Expanding market share

Premion

Now, let me turn to the topic of expanding market share, our definition and our strategy. As ad spending moves to the digital and emerging platforms, we are expanding our sales products to take share from a much broader definition of the local market. We provide our clients with a holistic approach to marketing, allowing them to optimize their spend, putting their advertising dollars to work in the channels that make the most sense for them, regardless of the platform. One great example is Premion, our new OTT ad services business. I am going to let Ed talk about that in a few minutes.

Hatch

Another key element is Hatch, our 360-degree marketing services agency, which helps clients full leverage our broad array of owned and third-party services to create results for them. Hatch provides clients with deep consumer data insights, unique, creative solutions, and for our largest clients customization they simply cannot get anywhere else. As a result, we have been able to more effectively pursue new clients and gain access to marketing dollars, as opposed to advertising dollars, that we had not previously seen. So far this year we are seeing Hatch sales more than double those of last year.

Subscriber revenue

Now let us turn to subscriber revenue, our fastest growing source of revenue. Our high re-transmission rates and strong annual escalators are a driver of our growth. We expect subscriber revenue to reach roughly $720 million this year, an increase of nearly 24%. As we look at the broader net retransmission numbers, you should note that this is the first year we are paying reverse compensation across the original large 11 TEGNA NBC stations. For this one year, growth in reverse comp, year over year, will exceed growth in re-trans revenue by approximately $25 million to $30 million. That is what we have been referring to as the one-time net re-trans gap. As we said on our earnings call, we expect to more than offset that one year decline with several new sources of revenue and a continued focus on cost efficiencies.

OTT providers and skinny bundles

Turning to the very important topic of OTT providers and skinny bundles, once again, our negotiations with these providers has reinforced how critical and existential broadcast affiliates are, especially strong ones, to any OTT service. Because our stations server large markets that are pivotal to the success of companies offering platforms in the OTT space, we have had great success achieving favorable agreements. Working with our networks and these providers, we have just finalized agreements with ABC and NBC, and we are about to sign with CBS. We are also having direct conversations with many of the OTT players themselves, as I referenced, as part of the triangular relationship we have with them and our network partners.

The additional benefit of moving our content on to OTT platforms is it allows us to reach customers, many of them younger, that we previously did not touch. As cord-nevers continue to grow as a portion of our addressable market, engaging with the OTT providers and distributing our relevant content through these platforms naturally increases our exposure to them. So a whole new demographic of viewers that should help drive long-term revenue growth.

However, the other key really important takeaway is this, given a lot of the recent press: whether it is new OTT entrants like YouTube or Sony, or traditional MVPDs entering the OTT space such as Dish and Direct, our economics will be as good or better than with the traditional MVPDs, making us agnostic to cord-cutting when consumers leave a traditional MVPD for one of these new services.

Now, I would like to ask Ed Busby, our Head of Strategy to talk about strategic initiatives we have underway here at TEGNA.

Strategic Initiatives

Ed Busby

Senior Vice President, Strategy, TEGNA

Thanks, Dave. Today, I would like to talk about three key areas of opportunity: intelligent ad automation, B2B marketing services and ATSC 3.0. Let us start with intelligent ad automation.

Intelligent Ad Automation

Premion

We are developing new ad platforms that will allow advertisers to connect with their target audiences much more effectively. Our first launch has been Premion, the industry's first OTT local advertising network. Premion is a one-stop shop that allows local, regional and national advertisers to place long-form advertising on a broad array of services, such as Roku, smart TVs and online. This allows us to offer our clients access to premium content across over 100 top-tier branded networks and OTT providers.

Let us hear a bit more from Premion's President, Jim Wilson.

[VIDEO]

We just got underway at the end of 2016 but we are ramping up quickly. April bookings doubled March, and we are on track to generate roughly $25 million to $30 million in revenue. And that is just in our first year.

As significantly, Premion is allowing us to expand beyond our core markets. Even though our stations are in 38 markets, Premion is already serving OTT ads in 175 markets and we are now up to 700 campaigns a month. We have clearly found an unmet need in the market and our team, with Jim, is delivering. This is just one example of our ability to not only talk about new concepts but to bring them from ideation to execution, to top line revenue very quickly.

Pricing

The other important area of automation is pricing. In a world where inventory is scarce, the broadcast industry needs to take advantage of new technologies, such as big data and machine learning to improve yield on that inventory.

To that point, we are also developing a sophisticated leading edge pricing platform that marries disparate sets of data and other advanced technologies to provide more optimal predictive pricing insights, both for our sales force as well as ultimately for our advertising clients. The initial version of this software is already being rolled out across our markets and will continue throughout the year.

We believe that this software will allow us to play a pivotal role as the industry shifts to more automated buying platforms. We will continue to look at these and other opportunities to help accelerate the shift to smarter, more automated buying that will ultimately increase efficiency, and most importantly, allow us to capitalize on the value that we know we bring to advertisers every single day.

B2B Marketing Services

The second area of opportunity is B2B marketing services. As audiences fragment, advertisers are increasingly challenged to reach their potential customers. We already helped them through the most comprehensive range of marketing services available, including search, email, targeted banner and social reputation management. And those products work. We proved that our expertise helps to effectively drive new customers in the door and improve our advertisers' business. As a result, we are seeing double-digit growth in digital marketing services and over 50% growth in many of our higher margin products, such as email.

To give just one example, one of our local furniture retailers began advertising with us back at the end of 2014. By combining all the marketing elements – television, targeted display, email, social reputation management – we helped them more than double their sales in just two years. Now, they are among the first clients for our Premion's OTT business.

Centre of Excellence

We are in the process of consolidating all these existing marketing services businesses, including the former G/O Digital, our Extended Reach Network and other third-party marketing services into a new marketing center of excellence. This marketing center of excellence will serve as the basis for us to launch additional new and exciting marketing services to optimize the suite of services we offer to our clients, provide better, more transparent analytics and reporting, and achieve even better efficiencies for the business.

ATSC 3.0

The third area of opportunity is ATSC 3.0. Earlier this year, the Federal Communications Commission began the process to issue new rules that would give permission to broadcast in the new ATSC 3.0 broadcast transmission standard. This will allow broadcasters to enhance their existing transmission services with a new standard, that will allow us to compete directly with IP protocols.

What does this mean? Well, the new standard will allow us to support higher 4K high dynamic range resolution, higher frame rate, mobile, second screen experiences, 3D audio, virtual reality, advanced advertising and other exciting enhancements to the viewing experience. The service enables encryption and content protection, which will allow the broadcasters for the first time to protect their signals with paywalls.

Think about ATSC 3.0 as a platform, not unlike the iPhone. While broadcasters own the platform, lots of people will be developing for it. TEGNA will roll out ATSC 3.0 pending the completion of the new standard in coordination with upgrades related to our spectrum repack transition. It is long past due for broadcasters to have access to a world-class IP standard. We are looking forward to the innovations, the creation of new business models, and the new opportunities available to us in this exciting space.

With that, I will hand it back to Dave.

Regulatory Environment

Dave Lougee

President & CEO, TEGNA

Before I hand it over to Victoria, I want to talk about the regulatory environment and our consolidation opportunity. As our industry transforms, legacy regulations designed for a pre-cable, pre-Internet age are finally being revisited. This is a pivotal moment for our industry. Right now, we, at TEGNA, have ample room under the nationwide ownership cap to build on our sizable station footprint, especially with the recently reinstated UHF discount, as well as a go-forward capital structure conducive to increased investment in the business as a strategic, albeit disciplined, consolidator. Victoria will speak to this in a little bit.

Just as significant in our view as the discount, we expect the FCC in the fall will relax the very outdated in-market ownership rules. These two together, are very good developments for TEGNA. We have already achieved significant vertical scale, reaching 32% of the country on an undiscounted basis, and we have proven operating results in markets large and small.

However, when you look at TEGNA, we have also got something that is unique that the other players in the space do not have. We have already got the beachhead in large markets, which means the ability for us to consolidate two Big Four stations, through purchases or swaps, will create significant margin improvements for the acquired stations, further solidifying our strong position in negotiations with distributors, which is important as well. And it creates significant returns for us and our shareholders.

TEGNA has a proven track record of financial discipline, especially when it comes to M&A. We are not going to change our approach in that sense. We will evaluate potential acquisitions through the same disciplines and opportunistic lens we have always used. Everything we do is guided by what is in the long-term interest of TEGNA and our shareholders.

With that, I will turn it over to our Chief Financial Officer, Victoria Harker.

Capital Allocation and Financial Outlook

Victoria Harker

Chief Financial Officer, TEGNA

Key Drivers of Value Creation

Thank you, Dave. Over the course of this morning, you have heard about the many opportunities we are pursuing to fuel TEGNA's strong profitable growth. I would like to take a moment now to review the financial impacts of TEGNA's business strategy in the near and mid-term. I will also highlight our post-spin capital through allocation plans which will further enhance our fire power, allowing us the flexibility to invest in a wide variety of opportunities and enhance shareholder value well into the future.

As you know, five years ago, we set the course for our transformation journey as a portfolio of businesses. Soon, we will emerge as an independent media company. As Dave mentioned, our best-in-class portfolio of stations, with significant efficiency and scale, has positioned TEGNA well to continue to generate organic growth and strong cash flow, as we have always done.

As you have seen today, while consumer preferences and technology for media consumption continues to evolve, we have made strategic investments to drive content innovation and provide our clients with integrated solutions that will result in increasing market share. In the current dynamic and consolidated industry landscape, our exceptional operational track record and strong balance sheet have enabled us to be opportunistic in adding high-impact acquisitions and new growth opportunities.

As we mentioned during our last earnings call, we are continuing to assess strategic alternatives for CareerBuilder while we prepare for the cars.com spend expected to occur later this month. Later, I will address those impacts.

Media Revenues

But, for now, let us turn to media results and projections specifically. Media revenues in 2016 were more than $1.9 billion, which included about $210 million of political and Summer Olympics advertising revenue. Despite the challenge of overcoming these comps, we expect 2017 revenue growth to be up in the low to mid-single digits as we previously guided.

Also, keep in mind that media's adjusted EBITDA margin now includes the impact of ongoing reverse compensation on our legacy NBC stations for the first time this year. On the strength of newly negotiated retransmission agreements and ongoing efficiency efforts this year, we expect to maintain our industry-leading EBITDA margins in the range of 35% to 37%.

Now, turning to 2018. Media revenue is projected to be up in the low to mid-teens while our margins will expand to 39% to 42%, due in part to these even year events. Let me pause for a moment here to discuss why our margins continue to be best-in-class, year after year, despite the fact that the majority of our markets contain a single Big Four affiliate.

Best in Class Margins

We have already noted the scale and the strength of our footprint and our portfolio of stations with leading affiliate positions. On the expense side, we relentlessly pursue efficiencies through centralization of support functions, automation and streamlining our processes. We have a culture of financial accountability. It is just in our DNA to constantly pursue better ways of doing business, which allows us to reinvent products and capabilities.

As previously announced, at the completion of the spine, we will receive a one-time tax-free distribution of $650 million from cars.com, which will be used to pay down debt, to further strengthen our fortress balance sheet, and create ample firepower for opportunistic M&A. Our strong firepower reflects our historical focus on balancing leverage and reinvestment efforts, providing us ample flexibility to pursue many of the alternative paths to growth. Just as we have done in the past, we will continue to be thoughtful about the strategic fit of our acquisitions. And we expect to continue to pursue attractive opportunities into the future.

Based on the operating results projected for 2017 and 2018, we anticipate the following financial metrics. These include reduced depreciation, reduced amortization, and lower interest cost resulting from debt reductions. Beyond this, we project corporate expenses in the range of 2.5% to 3% of media revenue, trending even lower in 2018.

Keep in mind that all of these financials that I have discussed up until now exclude CareerBuilder. Including CareerBuilder, total company revenues for 2016 were about $2.7 billion on a pro forma basis. On this same basis, we expect revenues in 2017 to remain in line with 2016.

Capital Allocation Strategy

I would now like to take a moment to discuss how we think about prioritizing capital allocations. First, we will continue to focus on execution to deliver solid results and make additional investments in our businesses to pursue growth initiatives through organic expansion.

We will opportunistically reduce debt, increasing our firepower and flexibility for future investments. We will consider M&A and investment opportunities in line with our integrated strategy. Beyond this, we will be paying a regular cash dividend of $0.28 a share annually. We are extinguishing the existing share repurchase program and will assess re-initiation in the near future.

Changing media landscape

As a result of all of these, TEGNA is well-positioned to participate in a changing media landscape. For example, the UHF discount puts TEGNA at 27% of the 39% cap which gives us ample headroom to pursue large vertical consolidations and opportunities as we have done in the past. Beyond this, we also see accretive in-market consolidation opportunities within our existing footprint, where we have strong stations and mediums in large markets.

Just to explore the value drivers of consolidation further, similar to other broadcasters, we achieved considerable costs on mechanical synergies through acquisitions. In addition, we are uniquely positioned to deliver incremental synergies as a result of our strategic initiatives that we can deliver to new stations. As a strategic operator, we have a proven track record of successfully integrating acquisitions.

Belo acquisition

Let us explore that a bit further. In 2013, we announced our acquisition of Belo, which we projected would drive $175 million of EBITDA synergies within three years, resulting in EPS accretion of $0.43 a share within the first 12 months. Similarly, in 2014, we announced the acquisition of London Broadcasting Station, projected to drive annual revenue of about $50 million and be accretive EPS within 12 months. On both cases, we exceeded these targets and did so well ahead of time, due to outstanding operational performance.

In-market consolidations

Beyond these types of vertical consolidation, one area has not received sufficient attention in the recent M&A discussion is the tremendous value opportunity presented by anticipated in-market consolidation. In-market consolidation has not yet occurred in majority of mid to large markets where TEGNA operates. We believe that in market consolidation can be achieved through a variety of structures, traditional station group M&A as well as swaps, to deliver substantial mechanical synergies.

By way of example, evaluating two Big Four affiliates in a representative TEGNA market, in-market consolidation can deliver an incremental EBITDA margin expansion of 10 to 15 percentage points on the acquired station, driven by duplicate expense reduction, cost efficiencies and other significant efficiencies. Beyond this, all the previously discussed initiatives, such as digital marketing services, pricing algorithms, provide incremental revenue upside without adding expense.

To put this in context, looking just at the in-market consolidation opportunities we see across our existing markets alone, we believe these synergy opportunities could result in a $100-175 million of annual incremental EBITDA over time.

Our solid operational performance, coupled with significant firepower and a flexible capital structure, will enable us to pursue many opportunities like this to increase shareholder value now and well into the future.

With that, I would like to turn the presentation back to Dave.

Summary

Dave Lougee

Incoming President & CEO, TEGNA

Thanks, Victoria. Before moving shortly to Q&A, I would like to take a moment to summarize. Our intense focus on innovation, combined with our efficient operational execution, are helping us accelerate growth. At the same time, the current market environment and our leading position in it presents significant opportunities for us to grow and be an active participant in the consolidation we expect in our industry. Again, our investment thesis is clear and powerful. We are a best-in-class operator with strong financial discipline and industry-leading margins.

As you have heard, we have significant scale with a unique mix of high-quality assets that consistently produce very strong cash flow. We are a leader in embracing change and driving innovation across our businesses, and we are uniquely well-positioned to benefit from the now changing regulatory environment.

Finally, we have a balanced capital allocation strategy with a very strong balance and leverage levels that will allow us to be strategically opportunistic. With that, let me ask Marge and the team to come back up and we will open it up for Q&A.

Q&A

Speaker: Thank you very much. Just a couple of questions if I may. First on your core guidance with the outlook you have given, what does it imply for the advertising for the back half of the year? I know you have given guidance for core for the second quarter, but I am curious, given your full media network guidance, what you are looking for core, is it a bounce back in the back half of the year? Then any color on how we should think about net retrans in 2018?

Dave Lougee: Okay. Let me take that one first. Net retrans is pretty much set for us for quite a little while because our affiliation agreements are set. We have got less subs up at the end of this year than we had before, so it will be stable and a positive direction.

As to the core question, Alexia, the back half of the year, excluding Olympics, our core will improve. The indications are there for that. It is improving already in the second quarter. However, actually, because I am sure there are other questions on core and somebody asked me before and said, ‘You said your revenues look worse.' It is not true. So let me talk about core and how we are going to start to change the dialogue around core in the future. In terms of the companies that publicly report in our space, we have largest average market size. One, there is dollars that we see that other broadcasters might not see, but they are also fungible. They move between other media, whether it is cable, sometimes tier 2 in digital with automotive and then it comes back. A lot of it has got to do with pricing. That is not true with our local business. But, we play in that pot where money is fungible, and they may go for the lowest price based on that moment in time.

But, we have used a very pure definition of core and we have reported that out in our earnings every quarter. But, that has been sort of traditional linear TV inventory. A lot of our peers have gotten away. And I do not know if you have figured it out, but in their cores, actually, digital is in there as well. We are going to be moving to that conversation because you can hear in our strategy, that is not how we sell to the advertisers. We do not want to be thinking about a category. We have got to hit a core number when our advertisers want this. We are going to start to change the dialogue about advertising, in general, across all of our products. For instance, us with Premion, our auto number looks very different than it does without it.

As it relates to your question, I think where it came from, our second quarter guidance, we have been hit hard, a little bit harder than others this year, by some of that move to network and cable, and that all often comes back.

The other thing I would say, which is very specific to us, although I think there is a good story in the backend of this, as I said on the earnings call, we way over-indexed the industry on AT&T U-Verse subscribers prior to the DirecTV acquisition. When that merger happened – and it was all local, so they were advertising a lot. When that happened, their spending went away, along with other competitors in those markets.

We have been hit disproportionately, although it has been a big number on our core. But, those OTT deals I just discussed, they are about to roll out fast. They have been waiting for the local affiliates and people like us to sign those deals. I think YouTube is rolling out next month. They are trying to get our Atlanta station signed up today. I think there is going to be a war for subscribers. There is going to be a new battle in our local market for those subscribers. And that is going to be a local game, not a national game, because they are not rolling these services out nationally at the same time. And we are going to get a big piece. Broadcasting will get a big piece of that advertising.

Doug?

Doug Arthur: Yeah, Doug Arthur. Dave, you talked about this $25 to $35 million gap in 2017. And I am wondering if you could just help us sort of sort out – you talked about sort of G/O Digital, you have talked about Hatch, you have talked about marketing services, you have talked about Premion, you have talked about some live programming efforts you have developed over the last 12 months. I am wondering if you could just sort of prioritize what is driving closing the gap among those. Are they all part of the same effort, or is there some differentiation? Obviously, there is a differentiation.

Dave Lougee: There is some differentiation. They have different portfolios and sizes. However, I will talk with some specificity about it because I talked to Marci about this too earlier.

Hatch will probably do somewhere between $30 and $40 million for us in revenue this year. Again, they are very low expense-based because, in that case, we do not have a lot of incremental cost against that revenue. It is a fixed group of people down in Dallas.

Premion, as Ed said, will do $25-30 million and maybe better, right, Jim, this year. But, we are running that as a growth business. We are first mover, and so we are investing in that and not worried about margins on that business for right now.

Pricing, which, honestly, is being, has been slower getting out of the gate because getting proprietary software is never as fast as you would like to make it happen. But, that is probably providing somewhere north of $20 million for us and is high margin. And then we obviously have ongoing cost efficiencies as well.

Speaker: The upside is, by having all of these services, they all work together. Hatch, Marketing Centre of Excellence, Premion, we are able to bring all those together for the advertisers to give them the ultimate solution and optimize among all those different vehicles. It really does position us uniquely in the market.

Doug Arthur: If you look at the composite growth of these new initiatives, any comments about a longer term goal in terms of growing all of these pods?

Dave Lougee: Yeah, we want them all to grow. They are growing and ramping nicely, some different than others. I am not putting a number on it for next year, Doug. But I think we said before, we talked about it in the first quarter earnings call, we think this year they are going to contribute incrementally, about $100 million to the top line and about $50 million to the bottom line.

Doug Arthur: Okay. Great. Thank you.

Marci: Can you talk about with the initiatives, how much of that is in core? We are having a hard time figuring that out.

Dave Lougee: Yeah, so it is a great question, and we do not always know by quarter because the advertisers are in charge. I think we are ramping towards probably somewhere around 60-40 for the year, core versus digital, and it is increasingly moving to digital.

Marci: Okay, and I have two follow-ups. First of all, you gave guidance with and without CareerBuilder for 2017 but not 2018, so is CareerBuilder being sold in 2017?

Speaker: We have an ongoing process that we have talked about on the call. For the current, and which is obviously why we want to put the metrics out there, it is not yet completed in terms of its process. We and our partners feel that there is a valuable ongoing set of conversations and so it would be reported in the quarter's continued operation. Assuming that gets to a successful conclusion subsequently any time this year, it would go into discontinued operations. Watch this space, but at least, for 2017, that is how it currently is playing out.

Marci: Then clarification on the $100-175 million in EBITDA in market opportunities, is that if you buy everything that you see that you want? How do we think about this?

Dave Lougee: I can take that one. No, it means that across a large swathe of our portfolio, we are able to create that but not in all markets.

Marci: Thank you.

Barton Crockett (FBR): Hi. It is Barton Crockett from FBR. I wanted to follow-up on the commentary around the $100-175 million of synergy. That is my first question. Is that just synergies that you are talking about, or are you talking about EBITDA that you would be buying plus synergies?

Dave Lougee: It is a run rate of EBITDA if and when we were fully integrate in-market consolidation across a big piece of our portfolio. The reason there is a wide range is because it can play out differently in terms of what we are enabled to do. As the rules come out, it remains to be seen what the Justice Department guidelines will be. Hopefully, for the same reasons we discussed earlier, those will get expanded but where they land will have some impact on our ability to do less or more of those.

Barton Crockett: Okay. That includes EBITDA from a station you might buy plus the improvement you have?

Dave Lougee: Only on the acquired. We are not putting any synergies on the station we already own in the market. It is on the portfolio of acquired stations. However, that is a run rate to get to once we have been able to sort of maximize our portfolio.

Barton Crockett: Okay. How much do you think this is skewed towards acquisitions versus swaps, the $100-175 million?

Dave Lougee: I think it will be a combination of both, driven by market factors. That may sound like a non-answer. But, it remains to be seen what the final guidelines of the rules are, and how other players choose to participate, and at what pace.

Barton Crockett: Okay. I think that there has been some doubt cast on a challenge to the return of the UHF discount at the FCC, that there is some Bloomberg opining that a challenge is likely to be successful because there is really no justification for the discount to begin with. I was just wondering, is this type of challenge potentially problematic for your goal of being able to roll up local markets, or does it really not matter? At the end of the day, you are just looking for the new rules and that is all that really matters?

Dave Lougee: A couple of points. As Victoria pointed out, we did not get a lot of discount because we have a lot of UHF stations. We only went from 31 to 31.6 to 27. Even without the discount, we have got headroom vertically. But, I do not think the rules are going to go backwards. I think just the absolute logic in a time when there are rumors of Verizon buying Charter and you have got distributors out there with market caps of $70 billion, I think whatever party is in office, I do not see the rules going backwards.

But, to that point though, I will say, I think it is more unlikely than likely that the cap will get increased because the current view of one or two Republican commissioners is that they do not have statutory authority. Congress would have to pass a law, and Congress does not pass laws anymore.

Barton Crockett: Great, thank you.

Craig: You mentioned your net debt ratio, Victoria, is 4.1 after you spin-off Cars.com here. I am curious, your appetite for a large acquisition in the near-term. Do you feel you need to pay down that debt, say, one and a half turns, before you go on to a significant acquisition? Or do you think you have some significant headroom there on the debt side?

Dave Lougee: Can you take that question, Victoria?

Victoria Harker: Sure. Our near term, obviously, is to use the $650 million and immediately pay down debt, beginning with a couple of tranches as well as the revolver. I think that our current view is that we will assess and parallel where the need for firepower is, obviously. We believe, particularly relative to peers, that we have ample room to lever up flexibly if we were to do an acquisition in the nearer term. But absent that, we will continue to use cash over the next remaining part of this year and into next year to continue to pay down debt.

It will be a balancing act as we go. But, obviously, we are generating a lot of cash flow from operations as well as the Cars distribution.

Speaker: Just the total cap, what are the prospects for that being lifted, changed? Is that something that has to go through Congress? I am talking about the 39% cap. **Dave Lougee:** Yeah, actually, I mentioned that. I mentioned it earlier. Yeah, I think our current view is that it will have to go to Congress. And we think it is unlikely that in any political environment, that then it becomes a political issue, and I think it is unlikely for the cap to be changed. FCC has got rule-making out there and there has been a little confusion on there. But, the rule-making does not presume they have statutory authority. In fact, that is one of the questions in the rule-making. And one of the two Republican commissioners has taken the view publicly the past that the FCC does not have authority, it has to go to Congress. My personal point of view, and I think others as well, is that is a tough putt in Congress.

Speaker: Looking at your 2018 guide, how are you thinking about political as a piece of that top line guidance?

Dave Lougee: It is a good piece of it.

Speaker: Okay. If we look at the last of presidential cycle down flat –

Dave Lougee: Pardon me?

Speaker: If we look at it versus the last of presidential political cycle.

Dave Lougee: I cannot. I am not dodging because literally, I cannot answer, because as I mentioned in my comments, there is so much between now and then that will dictate what is competitive or not. For instance, Senate races and in which States they are in. And for us, we have little more volatility on the number because we do not have 150 stations. We got big markets and we have got 36 of those, so we get a little more swing based on an individual market. It is tough for us to tell.

My comments were about the industry overall. We should do well but putting any kind of number right now seems like a bad idea.

Speaker: Fair enough. The cash taxes for 2018, the effective rate that you have in the deck, is it the same for cash?

Victoria Harker: Yeah, and you are asking about the 35% for the 2018 and 2017?

Speaker: Yes.

Victoria Harker: Yeah.

Speaker: Okay. Thank you.

Speaker: Dave, could you talk a little bit more about the content strategy and how important is scale to your ability to leverage the content you produce across the product base?

Dave Lougee: I think I am going ask Lynn Beall, our Chief Operating Officer in the Media Operations, to talk about it. Did you hear the question, Lynn?

Lynn Beall: I did. You asked about content, the transformation and then how important scale is? Did I get that right?

Speaker: Yes.

Lynn Beall: Scale has been a huge gift for us in the content transformation. We have taken some of our most creative and passionate people, and we have a lot of them. We are able to experiment in a very focused way in markets. Take for example, VERIFY you just saw, that started as a pilot at the innovative summits that we have had. We have had several of them. Then we went to Dallas, Texas, and they worked through all the bugs, if you will, on VERIFY and how we can make it work in a single station. We just rolled it out to all 38 markets and you saw we have got 3 million page views in the first four weeks. We are on to something very powerful.

The scale allows us, in a very cost-effective way, to experiment, really try to raise the bar on what it could look like and then share that example with all the stations. We are seeing very real, very specific growth in the stations where we are focused right now. I do not know if you want to add more to that, Dave.

Dave Lougee: No, that is great, Lynn. I will go back to the comments you made about the Daily Blast live show. That is not something we could afford to do without scale. But, in fact, it does able to provide an original live program to our stations on a cost model they could not afford on their own or anything like it. And yet it makes that day part more relevant in the current environment.

Craig: Dave, your paid subs this year, would you expect that to be, versus a year ago, flat, down a little bit, up a little bit?

Dave Lougee: I think, Greg, we modeled them just down slightly and they are not in sync because our payments and remittances are 60 to 90 days behind the MVPDs reported subs that are off by quarter or so. But, we built into our model's just very modest declines. We benefit from the fact that, despite those secular trends, our portfolio, overall, has a population growth characteristic to it. We go up, our scale gets higher every year, through new acquisitions, just through changing Nielsen consensus numbers. So we get some households back that way. But, we have modeled very modest declines this year.

Craig: If I could just follow-up on that, what was it last year, please, 2016?

Dave Lougee: I do not have that number, Greg, because we look at it quarter to quarter, year over year. And it varied.

Greg: Was it down slightly last year, or not?

Dave Lougee: Yeah, it was down just slightly. But, part of that, for us, back to the earlier conversation, not to beat a dead horse, it was AT&T U-Verse. AT&T U-Verse, if you have not heard this, Direct has been shedding those subs. And that is because they want to go to the DTV Now service as a business model. So a great piece of what little deployment we had was driven by U-Verse and that obviously has an end to it.

Speaker: On the stock repurchase, I think you went through it quickly, but I think the word was 'extinguish' – you used the word, 'extinguish' the existing plan and then look to – I did not quite get that. Could you just clarify with that?

Victoria Harker: I will clarify it, sure. The existing stock repurchase program was approved several years ago for TEGNA when it was broader portfolio businesses. We actually increased it from the 750 to the 850 and we had a period of time in which it was going to be repurchased opportunistically, based obviously on stock price. Because we now have a new entity, in effect it will become a one-segment business eventually, we are going to be putting a new one into place once that occurs at the Boards' discretion.

Speaker: What do you think the philosophy is going to be? Obviously, you have a new company. The whole Board has to meet. However, what are you going to recommend in terms of that?

Victoria Harker: I do not think we have got recommendation on the sizing as yet. Obviously, our first priority in this very short-term is to use cash, the cars distribution in particular, to pay down debt and get our leverage where we would like it to be, ensuring that we have got firepower for reinvestment, organic or not. Then we have always very opportunistic in the marketplace depending on the stock price.

Marge Magner: The Board will look for that to make sense with the strategy of the business in what we are doing. Having the capability is one thing, having the opportunity to do it and carving that out and so forth, and then exercising it, will depend on where we are and what we ahead as what is the best way to use the money for the shareholders' benefit.

Barton Crockett: One thing I was wondering if you could talk a little bit about is the audience trends on your TV stations. While we see a lot of national network data, we do not see as much around the TV stations. And it has been a strange time. There has been big growth in news ratings of the national news networks and you guys are investing in some new day part programming. How would you describe your audience trends generally, and how would you compare them to what we are seeing broadly on national networks?

Dave Lougee: Yeah, I think it is a great question. Local live news ratings are much more stable than network prime. I think a lot of the attention around all the changes in audience behavior have to do with scripted programming. That has certainly affected our network programming prime time. To put that in context, network prime without sports is less than 13% of our total revenue. We do not have that kind of exposure to all that time shifting that is happening to the network programming itself.

Now, we are impacted, like everybody and any media business, that all the Netflix and all that on-demand viewing comes at all different parts of the day. As I like to say, I have been in the business 35 years and linear viewing for individual channels has been declining for 35 years. But, back to the four-hour chart, local broadcast channel ratings are by far the highest rate inside those markets.

In our own portfolio, we have got puts and takes across those many markets. The larger markets have been challenged and it is already built in by the currency system that Nielsen uses. The LPM system has not been beneficial to the industry overall because of some flaws in the technology and the lack of out of home consideration there. But that is interesting in terms of the opportunities on a go-forward basis, is these new OTT services are going to have data. The leverage that we and the networks have together are going to maintain that that data will not be held only for the use of that OTT provider. We are going to benefit from that too in the future and beyond, not just the ratings currency, but the targeted ad capabilities that come with it.

Barton Crockett: Then if I could follow up on a related question, you seem to be suggesting that there are some strengths returning to core ad market in the second half of this year in your revenue guide for media. Auto is a big part of that and that is a category that has been pressured in some places. What are you seeing in auto? Is there any reason to think that that does anything in particular in the back half?

Dave Lougee: I just want to be clear on the back half, we see a marginal improvement. Visibility is difficult in just the narrowly defined core TV category. Again, they are definitely out there in the advertising market right now. I do know whether it has got to do with the political environments but there is less conviction long term and decision-making seems to be on a very short cycle. So that also gives us less visibility, overall, Barton. I would say that auto, if the SAAR numbers continue where they are, I would think they should try to get better. Some of that had to do with – we saw this three years ago too, a couple of manufacturers moved a big piece of the budget this year to tier 2. But when that does not work it comes back to TV, so we will see what happens.

Speaker: Based on the color you have provided to GAAP and retrans, do we have some visibility into what reverse retrans will be for 2017? Going forward, can you provide any colour on NBC now? You will be paying their reverse retrans. And is there a plan or timetable ABC or Fox might have reverse retrans coming out of your retrans revenue?

Dave Lougee: Yes, so we have got a very fixed schedule. This is a one-time gap for us. We do not have a gap after this year we'll have positive numbers. But our next affiliation agreement that comes up is our smallest – I should not say our smallest; we have Fox in Tucson, Abilene and San Angelo – is our ABC agreement and that is up at the end of 2018. CBS, which is just under 30% of our homes, is up at the end of 2019. Then NBC, which is the majority of our homes, are right about 50%, is up in 2121. Those structures are all fixed.

Speaker: I was wondering if you, Victoria, could quantify a little more color on your tolerance level on the leverage in an M&A transaction and would you be protective of your existing credit ratings?

Victoria Harker: We are always protective of our credit agreement. I guess I will just start with that. I think at this point, as we have in the past, frankly, we have been not fixed on a particular leverage ratio in particular. We have flexed up. For example, when we did Belo and then also the subsequent Cars acquisition. But, because we are very focused on near-term both EPS and free cash flow accretive transactions, they allowed us to very quickly bring back to existing level, so I think we will probably look at the same model.

I am not sure that there is an upper end per se. It really just depends on what the overall financial transaction looks like, in terms of the timing and the accretiveness of free cash flow and EPS.

Speaker: You did a nice job outlining the opportunity for synergies in terms of consolidation with TEGNA being the acquirer. To the extent that US TV household reach was to be increased to 45% to 50%, would the Board and management be open to the possibility of TEGNA as the target?

Dave Lougee: I will take that one and then –

Marge Magner: I can tell you that the Board will always listen and look at opportunities that makes sense for the company over the long haul and the shareholder. It is not a question of open to, it is a question of having something to look at and consider. We believe, I have to say, that we have great opportunity as we talked about and see it and we are very excited about the company going forward. We work very hard to get to a point where we have a pure media company now. We are excited about that and that is where we are excited to have our energy and look at those opportunities.

Speaker: I think a lot of people are excited about that.

Speaker: Just a general question in terms of the percentage split between fixed and variable for the affiliate agreements on the retrans revenues that you guys are collecting. What is that split? I understand that it is not entirely variable. How would you describe that?

Dave Lougee: Yeah. Every agreement is different, so I do not have an answer to that question, but it is a combination and they are all different with different dynamics to all four of them. I do not have one answer to that question, I apologize.

Speaker: Would you guys be willing to put out a net retrans margin that you expect to achieve, now that NBC has been done, in a go-forward basis, or provide some historical context about where it was and where it will be now after NBC?

Dave Lougee: We have not talked about a margin much because of his question, which is a good one, because it all depends on our retrans fields and where those providers fall. Relative to the industry, we have a good margin, I will say that. But, if we get really great retrans rates to the highly concentrated affiliates where we have a fixed fee model, that is all upside on the margin, whereas if it is a high concentration of retrans growth in a variable fee model, then it looks different. So we are seeing differences on that number based on that split, but it is nothing egregious.

Speaker: Just following up on that, could you comment on the growth that you might expect in retrans, and can we anticipate stable margin going forward? I guess what I am trying to ask is, how far along have we gotten into sort of closing that gap of cable networks?

Ed Busby: The bottom line gap in the OTT service, the birth just now of the skinny bundles. If you remember, skinny bundles had not happened because they did not have the broadcasters. Now that they are happening, they put a higher value on what are our channels should be worth than the traditional MVPDs have. Some of that has been suppressed by the networks as they try to use the negotiating leverage to, in the past, build cable assets and then today, protect cable assets for distribution.

But, there is still an enormous gap that the OTT services are really going to call out between what our share of the viewing is and what our share of the pie is. It is still wide. We maybe have broached half of that. I also think in-market consolidation also creates opportunities around that too.

Speaker: Just a moment ago you were talking about access to the viewership data of, I think you just generalized and said the OTT providers. But can you dig down a little deeper into that? Are these existing contractual arrangements or is this something that the industry is going to have leverage to do in the future? Or is this something that you actually have contractually?

Dave Lougee: Let me take the first part of that and then let Ed talk a little bit about the value. Yeah, in the early goings in these agreements and the short-term agreements, we just agreed with our networks that we are going to equally share any data. In the near term, there is no ecosystems built around it. But clearly in the long term, there is a lot of value creation that we need to participate in.

Ed Busby: That is right. Remember, this is one part of a broader data ecosystem that is evolving. You already see data out there from smart TVs, cable set-top box providers and the like. This data will all come in and allow us to do several things. Number one, when we talked about that pricing tool that we built, that is going to be a key input there. Second, as we talked about all of the great content that Lynn and folks are working on, this is a real-time input to allow them to reflect what people are actually watching and make adjustments.

Third and perhaps most importantly, as we talked about B2B marketing services and the fact that we need to be able to touch consumers on every single platform they are, having that data allows us to marry together the data sets to allow us to target people, re-target people, do things like frequency capping, which we do on the OTT business. All of that will allow us to be more competitive and provide better services for our advertising clients.

Speaker: It is all contractually defined in your agreements? This is not something you are talking about that is – the agreements you signed to-date have these provisions?

Dave Lougee: They are letters of intent because at this point nobody is building a business yet because there is no data.

Ed Busby: Yeah, and remember, a lot of this data is evolutionary. So not all of these folks are going to be handing us these fantastic data sets on day one, I wish they would. Over time, those data sets are going to be available and we are going to have access to the same data that everybody else has.

Speaker: What is the length of the OTT contracts that you are signing today?

Dave Lougee: They vary. The newer OTT and the non-traditional MVPDs are shorter deals, two and three years, or 18 months in some cases. And that is actually how we ended up wanting it in some cases in the network negotiations, so that per this other conversation, we can renegotiate those together down the road.

Some of the network structures, in fact for us it is pretty much all of them, with traditional MVPDs that are in this space, like Dish and Direct, our current retransmission agreements are what rule. And in some cases our affiliation agreements we had already negotiated into our affiliation agreements, many of them, in terms the size of our home that those would be ours to negotiate. So there is not one size fits all.

Speaker: Great. You mentioned that you were going to change the dialogue around core and reel[?] digital into that, what is the rough timeline that we should look for on that?

Dave Lougee: You are asking when we are going to start to change the dialogue around ad revenues in terms of reporting?

Speaker: Yes.

Dave Lougee: I think we are going to start to do that with our second quarter earnings call in the third quarter. We will be transparent about that as to how we are doing it. But we just want to start to move that direction because we are not operating that way internally, as you can hear, relative to meeting our customers' needs.

Speaker: Okay. Lastly, you mentioned a small number of subs renewing this year. Could you put a hard number or percentage on that, for those of us who are trying to model?

Dave Lougee: We do not have much data from this year yet. We only have like first couple of months and we have volatility in individual months, but it is less than the national numbers.

Speaker: I am talking about the sub count and retrans that you are renewing this year.

Dave Lougee: Oh, I am sorry. You are talking about the amount of subs we have up this year?

Speaker: Yes.

Dave Lougee: I think that number is around 8%, 7% or 8% at the end of the year.

Speaker: I was wondering if you could talk about your tax basis and CareerBuilder, first of all. Second of all, if, assuming a cash transaction for CareerBuilder, would the proceeds be used for paying down debt as well, or would you consider near-term dilution in your analysis? Thank you.

Victoria Harker: No, we are not going to discuss the tax basis. We have a transaction that we are discussing, so obviously that will become apparent when we have something more to discuss there. But we have I think previously said that our main incentive is to pay down debt. Obviously, we would need to make a recommendation to the Board in terms of use of proceeds, but our main priority right now is to pay down debt.

Speaker: I think if you take the $650 million, you would be mostly paying down bank debt and I think you would start to run into some of the senior notes, if you wanted to pay down debt. Are those callable in the near-term maturity?

Victoria Harker: Part of that is the revolver first, which we have drawn, and then also some others. We have a couple of call premiums in July and October, so we have got some of those coming right behind that.

Speaker: I just had a quick follow-up. Net retrans margin, how do you anticipate that going forward, looking at the next three to five years? Do you see the networks getting more aggressive in their ask, or do you think we are kind of at stable equilibrium in here?

Dave Lougee: There are two pieces in that equation. In fact, to the earlier question, how much the pie grows to. I think they could get a lot more money while we get more money at the same time. Again, because our agreements are not up for while, there is not much variability to our margin other than what we will be able to achieve in the future retrans deals. MarcIy?

Marcy: I think you alluded to this, but can you just, I guess, clarify, do you have after-acquired clauses in the majority of your retrans contract?

Dave Lougee: We do.

Marcy: Okay. Then secondly, I do not believe that the networks are going after a whole of bunch of stations. I do think CBS may target opportunistically and TEGNA has come up as perhaps having one or two stations that CBS would look to either buy or not renew, and figure out how to take that affiliations. How do you think about this?

Dave Lougee: Like all our negotiations, we negotiate privately and we have a lot of scale that is very protective for us.

Speaker: I wanted to ask you about the question of scale for reverse comp that has been coming up. How important do you think that is? Is that something that you pencil into your synergy, hard synergy or soft synergy, when you look at buying more stations?

Dave Lougee: It helps, simply put. In ways that are a little too complicated to say here, but also in-market consolidation helps. Alright, one last question from Craig, and we are going to get out on this beautiful spring day.

Greg: Yeah, Dave, what is the solution from the MVPD standpoint? I mean, all the TV broadcast make the case, that is a lot of upside left to go in the retrans payment side. All the cable networks are talking about movement here cable affiliate fees and all that. Who pays for this ultimately? We will keep seeing higher and higher cable bills? Or the cable companies will be able to cut out say the bottom 50+% of the cable networks and not pay them any carriage fees? Where is all this going, do you think, long term?

Dave Lougee: If I understand the question, I could not hear everything you said, Greg, but I think I have got it. There is clearly a shift of value that is going to take place from cable networks to broadcast in the OTT space because it has been an out of balance, out of whack equation for some time. Now, the consumers are more in charge. So to answer your question about the total pie, I just think you are going to see a continuing shift of that value from cable channels, especially the long tail piece of it, to broadcast affiliates.

With that, I think we call it a day. Thank you very much for your time and attention this morning, and have a great day.

[END OF TRANSCRIPT]