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, 2022

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, 2022 was 223,293,327.

INDEX TO TEGNA INC.
September 30, 2022 FORM 10-Q

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Sept. 30, 2022	Dec. 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 376,641	$ 56,989
Accounts receivable, net of allowances of $5,154 and $4,371, respectively	589,510	642,280
Other receivables	9,447	15,496
Syndicated programming rights	55,759	53,100
Prepaid expenses and other current assets	39,694	19,724
Total current assets	1,071,051	787,589
Property and equipment		
Cost	1,055,616	1,053,851
Less accumulated depreciation	(599,102)	(586,656)
Net property and equipment	456,514	467,195
Intangible and other assets		
Goodwill	2,981,587	2,981,587
Indefinite-lived and amortizable intangible assets, less accumulated amortization of $333,157 and $298,593, respectively	2,396,536	2,441,488
Right-of-use assets for operating leases	81,385	87,279
Investments and other assets	137,059	152,508
Total intangible and other assets	5,596,567	5,662,862
Total assets	$ 7,124,132	$ 6,917,646

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, 2022	Dec. 31, 2021
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities		
Accounts payable	$ 83,813	$ 72,996
Accrued liabilities		
Compensation	53,736	55,179
Interest	12,441	45,905
Contracts payable for programming rights	131,454	98,534
Other	109,598	91,098
Income taxes payable	3,989	11,420
Total current liabilities	395,031	375,132
Noncurrent liabilities		
Deferred income tax liability	555,455	548,374
Long-term debt	3,068,446	3,231,970
Pension liabilities	53,073	58,063
Operating lease liabilities	82,387	88,970
Other noncurrent liabilities	74,393	79,102
Total noncurrent liabilities	3,833,754	4,006,479
Total liabilities	4,228,785	4,381,611
Commitments and contingent liabilities (see Note 9)		
Redeemable noncontrolling interest (see Note 1)	17,092	16,129
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	27,941
Retained earnings	7,704,358	7,459,380
Accumulated other comprehensive loss	(110,262)	(97,216)
Less treasury stock at cost, 101,191,494 shares and 103,012,455 shares, respectively	(5,068,201)	(5,194,618)
Total equity	2,878,255	2,519,906
Total liabilities, redeemable noncontrolling interest and equity	$ 7,124,132	$ 6,917,646

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,	
	2022	2021	2022	2021
Revenues	$ 803,111	$ 756,487	$ 2,362,115	$ 2,216,446
Operating expenses:				
Cost of revenues[1]	428,891	399,751	1,260,576	1,191,561
Business units - Selling, general and administrative expenses	98,582	100,425	300,136	286,700
Corporate - General and administrative expenses	13,367	11,891	48,299	51,944
Depreciation	15,219	16,792	46,058	48,526
Amortization of intangible assets	14,953	15,774	44,952	47,307
Spectrum repacking reimbursements and other, net	(159)	504	(322)	(2,394)
Total	570,853	545,137	1,699,699	1,623,644
Operating income	232,258	211,350	662,416	592,802
Non-operating (expense) income:				
Equity loss in unconsolidated investments, net	(178)	(1,790)	(4,225)	(5,716)
Interest expense	(43,406)	(46,477)	(129,976)	(139,571)
Other non-operating items, net	1,310	2,486	16,764	4,340
Total	(42,274)	(45,781)	(117,437)	(140,947)
Income before income taxes	189,984	165,569	544,979	451,855
Provision for income taxes	43,827	36,870	132,595	103,470
Net Income	146,157	128,699	412,384	348,385
Net income attributable to redeemable noncontrolling interest	(92)	(419)	(516)	(861)
Net income attributable to TEGNA Inc.	$ 146,065	$ 128,280	$ 411,868	$ 347,524
Earnings per share:				
Basic	$ 0.65	$ 0.58	$ 1.84	$ 1.57
Diluted	$ 0.65	$ 0.58	$ 1.83	$ 1.56
Weighted average number of common shares outstanding:				
Basic shares	223,968	221,805	223,456	221,314
Diluted shares	224,921	222,799	224,221	222,172

[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,	
	2022	**2021**	**2022**	**2021**
Net income	$ 146,157	$ 128,699	$ 412,384	$ 348,385
Other comprehensive income, before tax:				
Foreign currency translation adjustments	—	(53)	142	698
Pension and other post retirement benefit items				
Recognition of previously deferred post-retirement benefit plan costs	1,031	1,290	3,092	3,869
Pension payment timing related charge	—	946	—	946
Pension and other postretirement benefit items	1,031	2,236	3,092	4,815
Unrealized gain on available-for-sale investment during the period	—	54,354	—	54,354
Realized gain on available-for-sale investment during the period	—	—	(20,800)	—
Other comprehensive income (loss), before tax	1,031	56,537	(17,566)	59,867
Income tax effect related to components of other comprehensive income	(265)	(14,626)	4,520	(15,484)
Other comprehensive income (loss), net of tax	766	41,911	(13,046)	44,383
Comprehensive income	146,923	170,610	399,338	392,768
Comprehensive income attributable to redeemable noncontrolling interest	(92)	(419)	(516)	(861)
Comprehensive income attributable to TEGNA Inc.	$ 146,831	$ 170,191	$ 398,822	$ 391,907

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,	
	2022	**2021**
Cash flows from operating activities:		
Net income	$ 412,384	$ 348,385
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	91,010	95,833
Stock-based compensation	23,625	23,137
Company stock 401(k) contribution	14,343	13,575
Gains on assets, net	(18,308)	—
Equity losses from unconsolidated investments, net	4,225	5,716
Pension contributions including income, net of expense	(1,697)	(14,821)
Change in other assets and liabilities, net of acquisitions:		
Decrease (increase) in trade receivables	51,986	(49,687)
Increase (decrease) in accounts payable	10,817	(11,716)
Decrease in interest and taxes payable, net	(23,104)	(76,372)
Increase in deferred revenue	22,181	1,784
Change in other assets and liabilities, net	13,243	6,770
Net cash flow from operating activities	**600,705**	**342,604**
Cash flows from investing activities:		
Purchase of property and equipment	(35,527)	(39,418)
Reimbursements from spectrum repacking	322	5,030
Payments for acquisitions of businesses	—	(13,335)
Purchases of investments	(4,715)	(1,023)
Proceeds from investments	3,451	3,094
Proceeds from sale of assets	407	296
Net cash flow used for investing activities	**(36,062)**	**(45,356)**
Cash flows from financing activities:		
Payments under revolving credit facilities, net	(166,000)	(219,000)
Dividends paid	(63,533)	(57,435)
Other, net	(15,458)	(10,567)
Net cash flow used for financing activities	**(244,991)**	**(287,002)**
Increase in cash	319,652	10,246
Balance of cash, beginning of period	56,989	40,968
Balance of cash, end of period	**$ 376,641**	**$ 51,214**
Supplemental cash flow information:		
Cash paid for income taxes, net of refunds	$ 124,206	$ 146,600
Cash paid for interest	$ 158,293	$ 165,824

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, 2022	**$ 16,765**	**$ 324,419**	**$ 27,941**	**$ 7,583,436**	**$ (111,028)**	**$ (5,083,045)**	**$ 2,741,723**
Net income	92	—	—	146,065	—	—	146,065
Other comprehensive income, net of tax	—	—	—	—	766	—	766
Total comprehensive income							146,831
Dividends declared: $0.095 per share	—	—	—	(21,203)	—	—	(21,203)
Company stock 401(k) contribution	—	—	(6,328)	(3,486)	—	14,229	4,415
Stock-based awards activity	—	—	(397)	(219)	—	615	(1)
Stock-based compensation	—	—	6,416	—	—	—	6,416
Adjustment of redeemable noncontrolling interest to redemption value	235	—	—	(235)	—	—	(235)
Other activity	—	—	309	—	—	—	309
Balance at Sept. 30, 2022	**$ 17,092**	**$ 324,419**	**$ 27,941**	**$ 7,704,358**	**$ (110,262)**	**$ (5,068,201)**	**$ 2,878,255**

	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**

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, 2021	**$ 16,129**	**$ 324,419**	**$ 27,941**	**$ 7,459,380**	**$ (97,216)**	**$ (5,194,618)**	**$ 2,519,906**
Net income	516	—	—	411,868	—	—	411,868
Other comprehensive income, net of tax	—	—	—	—	(13,046)	—	(13,046)
Total comprehensive income							398,822
Dividends declared: $0.285 per share	—	—	—	(63,533)	—	—	(63,533)
Company stock 401(k) contribution	—	—	(12,655)	(19,571)	—	46,569	14,343
Stock-based awards activity	—	—	(11,967)	(83,339)	—	79,848	(15,458)
Stock-based compensation	—	—	23,625	—	—	—	23,625
Adjustment of redeemable noncontrolling interest to redemption value	447	—	—	(447)	—	—	(447)
Other activity	—	—	997	—	—	—	997
Balance at Sept. 30, 2022	**$ 17,092**	**$ 324,419**	**$ 27,941**	**$ 7,704,358**	**$ (110,262)**	**$ (5,068,201)**	**$ 2,878,255**

	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**

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

NOTE 1 – Basis of presentation, merger agreement and 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, 2021.

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. We use the best information available in developing significant estimates inherent in our financial statements. 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, 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 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.

Merger Agreement: On February 22, 2022, we entered into an Agreement and Plan of Merger (as amended, the Merger Agreement), with Teton Parent Corp., a newly formed Delaware corporation (Parent), Teton Merger Corp., a newly formed Delaware corporation and an indirect wholly owned subsidiary of Parent (Merger Sub), and solely for purposes of certain provisions specified therein, other subsidiaries of Parent, certain affiliates of Standard General L.P., a Delaware limited partnership (Standard General) and CMG Media Corporation, a Delaware corporation (CMG), and certain of its subsidiaries. Parent, Merger Sub, the other subsidiaries of Parent, those affiliates of Standard General, CMG and those subsidiaries of CMG, are collectively, referred to as the "Parent Restructuring Entities."

The Merger Agreement provides, among other things and subject to the terms and conditions set forth therein, that Merger Sub will be merged with and into TEGNA (the Merger), with TEGNA continuing as the surviving corporation and as an indirect wholly owned subsidiary of Parent. The Merger Agreement provides that each share of common stock, par value $1.00 per share, TEGNA (the Common Stock) outstanding immediately prior to the effective time of the Merger (the Effective Time), other than certain excluded shares, will at the Effective Time automatically be converted into the right to receive (i) $24.00 per share of Common Stock in cash, without interest, plus (ii) additional amounts in cash, without interest, if the Merger does not close within a certain period of time after the date of the Merger Agreement. TEGNA shareholders will receive additional cash consideration in the form of a "ticking fee" of $0.00167 per share per day (or $0.05 per month) if the closing occurs between the 9- and 12-month anniversary of signing, increasing to $0.0025 per share per day (or $0.075 per month) if the closing occurs between the 12- and 13-month anniversary of signing, $0.00333 per share per day (or $0.10 per month) if the closing occurs between the 13- and 14-month anniversary of signing, and $0.00417 per share per day (or $0.125 per month) if the closing occurs on or after the 14-month anniversary of signing.

The Merger Agreement contains certain termination rights and provides that, upon termination of the Merger Agreement under certain specified circumstances, TEGNA will be required to pay Parent a termination fee of $163.0 million, and Parent will be required to pay TEGNA a termination fee of either $136.0 million or $272.0 million.

TEGNA has made customary representations, warranties and covenants in the Merger Agreement. If the Merger is consummated, the Common Stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934.

On March 10, 2022, TEGNA, Parent, Merger Sub, and, solely for purposes of certain provisions specified therein, the other Parent Restructuring Entities, entered into an amendment to the Merger Agreement (the Amendment). The Amendment provides, among other things and subject to the terms and conditions set forth therein, that certain regulatory efforts covenants will apply with respect to certain station transfers from Parent or an affiliate of Parent to CMG or an affiliate of CMG that are contemplated to be consummated as of immediately following the Effective Time.

On May 17, 2022 the stockholders of TEGNA voted to adopt the Merger Agreement.

The Merger is subject to the satisfaction of customary closing conditions, including receipt of applicable regulatory approvals, and is still expected to close in the second half of 2022.

Accounting guidance adopted in 2022: We did not adopt any new accounting guidance in 2022 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 (or declines), unemployment and demand for our products and services. 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, 2022, our allowance for doubtful accounts was $5.2 million as compared to $4.4 million as of December 31, 2021.

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."

Treasury Stock: We account for treasury stock under the cost method. When treasury stock is re-issued at a price higher than its cost, the difference is recorded as a component of additional paid-in-capital (APIC) in our Condensed Consolidated Balance Sheets. When treasury stock is re-issued at a price lower than its cost, the difference is recorded as a component of APIC to the extent that there are previously recorded gains to offset the losses. If there are no treasury stock gains in APIC, the losses upon re-issuance of treasury stock are recorded as a reduction of retained earnings in our Condensed Consolidated Balance Sheets.

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. 2022, 2020 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 2022 and 2021 are shown below (amounts in thousands):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2022	**2021**	**2022**	**2021**
Subscription	$ 377,368	$ 368,672	$ 1,158,101	$ 1,130,490
Advertising & Marketing Services	320,764	364,234	1,010,490	1,027,957
Political	92,904	15,010	161,727	34,019
Other	12,075	8,571	31,797	23,980
Total revenues	$ 803,111	$ 756,487	$ 2,362,115	$ 2,216,446

NOTE 2 – Goodwill and other intangible assets

The following table displays goodwill, indefinite-lived intangible assets, and amortizable intangible assets as of September 30, 2022 and December 31, 2021 (in thousands):

	Sept. 30, 2022		Dec. 31, 2021	
	Gross	Accumulated Amortization	Gross	Accumulated Amortization
Goodwill	$ 2,981,587	$ —	$ 2,981,587	$ —
Indefinite-lived intangibles:				
Television and radio station FCC broadcast licenses	2,123,898	—	2,123,898	—
Amortizable intangible assets:				
Retransmission agreements	224,827	(178,149)	235,215	(168,439)
Network affiliation agreements	309,503	(115,547)	309,503	(97,195)
Other	71,465	(39,461)	71,465	(32,959)
Total indefinite-lived and amortizable intangible assets	$ 2,729,693	$ (333,157)	$ 2,740,081	$ (298,593)

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. In the third quarter of 2022, gross retransmission agreement intangible assets and associated accumulated amortization decreased by $10.4 million due to certain retransmission intangible assets reaching the end of their useful lives.

NOTE 3 – Investments and other assets

Our investments and other assets consisted of the following as of September 30, 2022 and December 31, 2021 (in thousands):

	Sept. 30, 2022	Dec. 31, 2021
Cash value insurance	$ 48,487	$ 53,189
Available-for-sale debt security	—	23,800
Equity method investments	16,973	21,986
Other equity investments	20,158	20,331
Deferred debt issuance costs	3,133	5,805
Long-term contract assets	18,981	—
Other long-term assets	29,327	27,397
Total	$ 137,059	$ 152,508

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.

Available-for-sale debt security: We previously held a debt security investment issued by MadHive, Inc. (MadHive), that we classified as an available-for-sale investment. 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 first quarter of 2022, we amended the terms of the debt security, which became effective on January 3, 2022, in parallel with an amendment and extension of our commercial agreements with MadHive. The amendments modified several items, including the conversion rights as well as the maturity date of the note. In exchange for the convertible debt modifications, we received favorable terms in our renewed commercial agreements with MadHive. As a result of these amendments, in the first quarter of 2022 we recognized a previously unrecognized gain of $20.8 million. The gain was recorded in “Other non-operating items, net” within our Consolidated Statement of Income. The debt matured in June 2022 at which time the principal balance of $3.0 million plus accrued interest was paid to us. The $3.0 million principal balance was classified as “Proceeds from investments” within our Consolidated Statement of Cash Flow”. See Note 9 for additional information regarding our related party transactions with MadHive.

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 first quarter of 2022, we recorded a $2.5 million impairment charge, in “Other non-operating items, net” within our Consolidated Statement of Income, due to the decline in the fair value of one of our investments.

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.

Long-term contract assets: These amounts primarily consist of an asset related to a long-term services agreement for IT security and an asset representing the long-term portion of a contract asset that was recognized as a result of the $20.8 million gain discussed above related to favorable rates obtained on recent commercial agreements with Madhive. This gain resulted in a contract asset which was recognized in January 2022 and is being amortized over two years (through December 2023). See Note 9 for additional details.

NOTE 4 – Long-term debt

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

	Sept. 30, 2022	Dec. 31, 2021
Borrowings under revolving credit agreement expiring August 2024	$ —	$ 166,000
Unsecured notes bearing fixed rate interest at 4.75% 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	3,090,000	3,256,000
Debt issuance costs	(28,072)	(31,378)
Unamortized premiums	6,518	7,348
Total long-term debt	$ 3,068,446	$ 3,231,970

As of September 30, 2022, cash and cash equivalents totaled $376.6 million and we had unused borrowing capacity of $1.49 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 primarily 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, 2022, were $59.1 million, of which $6.0 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,	
	2022	2021	2022	2021
Service cost-benefits earned during the period	$ —	$ 1	$ —	$ 2
Interest cost on benefit obligation	4,270	3,969	12,811	11,907
Expected return on plan assets	(4,876)	(8,670)	(14,627)	(26,010)
Amortization of prior service (credit) cost	(119)	23	(361)	68
Amortization of actuarial loss	1,150	1,223	3,452	3,669
Pension payment timing related charge	—	946	—	946
Expense (income) from company-sponsored retirement plans	$ 425	$ (2,508)	$ 1,275	$ (9,418)

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, 2022 and 2021, we did not make any cash contributions to the TRP. We made benefit payments to participants of the SERP of $2.9 million and $5.3 million during the nine months ended September 30, 2022 and 2021, respectively. Based on actuarial projections and funding levels, we do not expect to make any cash payments to the TRP in 2022 (as none are required based on our current funding levels). We expect to make additional cash payments of $2.5 million to our SERP participants during the remainder of 2022.

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, 2022	$ (111,560)	$ 532	$ —	$ (111,028)
Amounts reclassified from AOCL	766	—	—	766
Total other comprehensive income	766	—	—	766
Balance at Sept. 30, 2022	$ (110,794)	$ 532	$ —	$ (110,262)
Balance at June 30, 2021	$ (119,065)	$ 461	$ —	$ (118,604)
Other comprehensive loss 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)

	Retirement Plans	Foreign Currency Translation	Available-For-Sale Investment	Total
Nine months ended:				
Balance at Dec. 31, 2021	$ (113,090)	$ 455	$ 15,419	$ (97,216)
Other comprehensive income before reclassifications	—	77	—	77
Amounts reclassified from AOCL	2,296	—	(15,419)	(13,123)
Total other comprehensive income (loss)	2,296	77	(15,419)	(13,046)
Balance at Sept. 30, 2022	$ (110,794)	$ 532	$ —	$ (110,262)
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)

Reclassifications from AOCL to the Consolidated Statements of Income are comprised of recognition of a realized gain on an available-for-sale investment as well as pension and other post-retirement components. Pension and other post retirement reclassifications are related to the amortizations of prior service costs and actuarial losses. Amounts reclassified out of AOCL are summarized below (in thousands):

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2022	2021	2022	2021
Amortization of prior service credit, net	$ (106)	$ (120)	$ (354)	$ (361)
Amortization of actuarial loss	1,137	1,410	3,446	4,230
Pension payment timing related charge	—	946	—	946
Realized gain on available-for-sale investment	—	—	(20,800)	—
Total reclassifications, before tax	1,031	2,236	(17,708)	4,815
Income tax effect	(265)	(579)	4,585	(1,244)
Total reclassifications, net of tax	$ 766	$ 1,657	$ (13,123)	$ 3,571

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,	
	2022	2021	2022	2021
Net Income	$ 146,157	$ 128,699	$ 412,384	$ 348,385
Net income attributable to the noncontrolling interest	(92)	(419)	(516)	(861)
Adjustment of redeemable noncontrolling interest to redemption value	(235)	116	(447)	(32)
Earnings available to common shareholders	$ 145,830	$ 128,396	$ 411,421	$ 347,492
Weighted average number of common shares outstanding - basic	223,968	221,805	223,456	221,314
Effect of dilutive securities:				
Restricted stock units	621	749	469	626
Performance shares	332	245	296	231
Stock options	—	—	—	1
Weighted average number of common shares outstanding - diluted	224,921	222,799	224,221	222,172
Earnings per share - basic	$ 0.65	$ 0.58	$ 1.84	$ 1.57
Earnings per share - diluted	$ 0.65	$ 0.58	$ 1.83	$ 1.56

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 first quarter of 2022, we recorded a $2.5 million impairment charge, in “Other non-operating items, net” within our Consolidated Statement of Income, due to the decline in the fair value of one of our investments. The fair value was determined using a market approach which was based on significant inputs not observable in the market, and thus represented a Level 3 fair value measurement. 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 $2.88 billion at September 30, 2022, and $3.40 billion at December 31, 2021.

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. The costs of compliance have not been material, nor do we expect future compliance costs 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. On March 16, 2022, the plaintiffs filed a third amended complaint, which, among other things, added ShareBuilders, Inc., as a named defendant. ShareBuilders filed a motion to dismiss on April 15, 2022, which was granted by the court without prejudice on August 29, 2022. TEGNA has filed its answer to the third amended complaint denying any violation of law and asserting various affirmation defenses. We believe that the claims asserted in the Advertising Cases are without merit, and intend to defend ourselves vigorously against them.

Litigation Relating to the Merger

As of November 9, 2022, seven lawsuits have been filed by purported TEGNA stockholders in connection with the Merger. The lawsuits have been filed against TEGNA and the current members of the Board of Directors of TEGNA (the Board of Directors). The complaints generally allege that the preliminary proxy statement filed by TEGNA with the SEC on March 25, 2022 in connection with the Merger contained alleged material misstatements and/or omissions in violation of federal law. Plaintiffs in the complaints generally seek, among other things, to enjoin TEGNA from consummating the Merger, or in the alternative, rescission of the Merger and/or compensatory damages, as well as attorneys' fees. As of November 9, 2022, all but one of those lawsuits have been voluntarily dismissed.

In addition, as of November 9, 2022, TEGNA received four demand letters from purported TEGNA shareholders in connection with TEGNA's filing of a definitive proxy statement with the SEC on April 13, 2022 relating to the Merger (the "definitive proxy statement"). Each letter alleged deficiencies in the definitive proxy statement that were similar to the deficiencies alleged in the complaints referenced above.

We believe that the claims asserted in the complaints and letters described above are without merit and no additional disclosures were or are required under applicable law. However, to moot the unmeritorious disclosure claims, to avoid the risks of the actions described above delaying or adversely affecting the Merger and to minimize the costs, risks and uncertainties inherent in litigation, without admitting any liability or wrongdoing, TEGNA voluntarily made supplemental disclosures to the definitive proxy statement as described in the Form 8-K filed by TEGNA with the SEC on May 9, 2022. Additional lawsuits arising out of the Merger may also be filed in the future.

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.

Related Party Transactions

We have an equity investment in MadHive which is a related party of TEGNA. 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 2022, we incurred expenses of $30.4 million and $86.3 million, respectively, as a result of the commercial agreement with MadHive. 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. As of September 30, 2022, and December 31, 2021 we had accounts payable and accrued liabilities associated with the MadHive commercial agreements of $19.4 million and $8.9 million, respectively.

In December 2021, we renewed our two existing commercial agreements with MadHive. Simultaneously with the commercial agreement renewals, we also amended the terms of our then outstanding available-for-sale convertible debt security that we held as discussed in Note 3. In exchange for the convertible debt modifications, we received favorable terms in our renewed commercial agreements. We estimated the fair value of our available-for-sale security at December 31, 2021 using a market fair value approach based on the cash we expect to receive upon maturity of the note and the estimated cash savings that the favorable contract terms will provide over the term of the commercial agreements. In January 2022, we recorded an intangible contract asset for $20.8 million (equal to the estimated cash savings), and are amortizing this asset on a straight-line basis over the noncancellable term of the commercial agreements of two years. This non-cash expense is recorded within “Cost of revenues,” within our Consolidated Statement of Income. The debt matured in June 2022 at which time the principal balance of $3.0 million plus accrued interest was paid to us.

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

Company Overview

We are an innovative media company serving 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 all 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. 2022, 2020, 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.

Merger Agreement

On February 22, 2022, we entered into the Merger Agreement with Parent, Merger Sub, and solely for purposes of certain provisions specified therein, other subsidiaries of Parent, certain affiliates of Standard General and CMG, and certain of its subsidiaries. We still expect the closing of the transaction, which is subject to regulatory approvals, and other customary closing conditions, to occur in the second half of 2022. See Notes 1 and 9 to the condensed consolidated financial statements for further information about the Merger Agreement, the pending Merger and related matters.

We plan to continue to pay our regular quarterly dividend of $0.095 per share through the closing of the Merger, which is the maximum rate and frequency permitted by the Merger Agreement. As a result of the pending transaction, we suspended share repurchases under our previously announced share repurchase program.

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.

Our operating results are subject to significant fluctuations across yearly periods (primarily driven by even-year political election cycles). As such, in addition to prior year comparisons, our management team and Board of Directors also review quarterly and year-to-date operating results compared to the same periods two years ago (e.g., 2022 vs. 2020). We believe these additional comparisons provide useful information to investors and therefore, have supplemented our prior year comparisons of consolidated results with comparisons against third quarter and nine months ended September 30, 2020 results (through operating income).

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,				
	2022	**2021**	**Change from 2021**	**2020**	**Change from 2020**	**2022**	**2021**	**Change from 2021**	**2020**	**Change from 2020**
Revenues	$ 803,111	$ 756,487	6 %	$ 738,389	9 %	$ 2,362,115	$ 2,216,446	7 %	$ 2,000,205	18 %
Operating expenses:										
Cost of revenues	428,891	399,751	7 %	379,185	13 %	1,260,576	1,191,561	6 %	1,103,920	14 %
Business units - Selling, general and administrative expenses	98,582	100,425	(2 %)	89,943	10 %	300,136	286,700	5 %	267,919	12 %
Corporate - General and administrative expenses	13,367	11,891	12 %	11,263	19 %	48,299	51,944	(7 %)	61,289	(21 %)
Depreciation	15,219	16,792	(9 %)	16,086	(5 %)	46,058	48,526	(5 %)	49,697	(7 %)
Amortization of intangible assets	14,953	15,774	(5 %)	17,113	(13 %)	44,952	47,307	(5 %)	50,577	(11 %)
Spectrum repacking reimbursements and other, net	(159)	504	***	(2,902)	(95 %)	(322)	(2,394)	(87 %)	(10,533)	(97 %)
Total operating expenses	$ 570,853	$ 545,137	5 %	$ 510,688	12 %	$ 1,699,699	$ 1,623,644	5 %	$ 1,522,869	12 %
Total operating income	$ 232,258	$ 211,350	10 %	$ 227,701	2 %	$ 662,416	$ 592,802	12 %	$ 477,336	39 %
Non-operating expenses	(42,274)	(45,781)	(8 %)	(53,464)	(21 %)	(117,437)	(140,947)	(17 %)	(169,596)	(31 %)
Provision for income taxes	43,827	36,870	19 %	41,967	4 %	132,595	103,470	28 %	69,699	90 %
Net income	146,157	128,699	14 %	132,270	10 %	412,384	348,385	18 %	238,041	73 %
Net (income) loss attributable to redeemable noncontrolling interest	(92)	(419)	(78 %)	(51)	80 %	(516)	(861)	(40 %)	433	***
Net income attributable to TEGNA Inc.	$ 146,065	$ 128,280	14 %	$ 132,219	10 %	$ 411,868	$ 347,524	19 %	$ 238,474	73 %
Earnings per share - basic	$ 0.65	$ 0.58	12 %	$ 0.60	8 %	$ 1.84	$ 1.57	17 %	$ 1.08	70 %
Earnings per share - diluted	$ 0.65	$ 0.58	12 %	$ 0.60	8 %	$ 1.83	$ 1.56	17 %	$ 1.08	69 %

*** 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,				
	2022	2021	Change from 2021	2020	Change from 2020	2022	2021	Change from 2021	2020	Change from 2020
Subscription	$ 377,368	$ 368,672	2 %	$ 316,677	19 %	$ 1,158,101	$ 1,130,490	2 %	$ 972,954	19 %
Advertising & Marketing Services	320,764	364,234	(12)%	298,605	7 %	1,010,490	1,027,957	(2)%	822,841	23 %
Political	92,904	15,010	***	116,494	(20)%	161,727	34,019	***	181,425	(11)%
Other	12,075	8,571	41 %	6,613	83 %	31,797	23,980	33 %	22,985	38 %
Total revenues	$ 803,111	$ 756,487	6 %	$ 738,389	9 %	$ 2,362,115	$ 2,216,446	7 %	$ 2,000,205	18 %

*** Not meaningful

2022 vs. 2021

Total revenues increased $46.6 million in the third quarter of 2022 and $145.7 million in the first nine months of 2022 compared to the same periods in 2021. The net increases were primarily due to growth in political revenue ($77.9 million third quarter, $127.7 million first nine months) due to contested primaries and the run up to the mid-term elections which will occur in the fourth quarter. Also contributing to the increase was growth in subscription revenue ($8.7 million third quarter, $27.6 million first nine months) primarily due to annual rate increases under existing agreements, partially offset by declines in subscribers. Partially offsetting these increases was a decline in AMS revenue ($43.5 million third quarter, $17.5 million first nine months). The decline in third quarter revenue was partially due to the crowd out effect of political revenue as well as the absence of last year's Olympics. Additionally, macroeconomic headwinds negatively impacted AMS revenue in both current year periods.

2022 vs. 2020

Total revenues increased $64.7 million in the third quarter of 2022 and $361.9 million in the first nine months of 2022 compared to the same periods in 2020. The net increases were primarily due to growth in subscription revenue ($60.7 million third quarter, $185.1 million first nine months) mainly due to annual rate increases under existing and newly renegotiated retransmission agreements, partially offset by declines in subscribers. Also contributing was growth in AMS revenue ($22.2 million third quarter, $187.6 million first nine months) reflecting higher demand for advertising despite current macroeconomic headwinds in 2022 (as fiscal year 2020 was adversely impacted by reduced demand due to the COVID-19 pandemic). These increases were partially offset by a decrease in political revenue ($23.6 million third quarter, $19.7 million first nine months) primarily due to 2020 being a presidential election year.

Cost of revenues

2022 vs. 2021

Cost of revenues increased $29.1 million in the third quarter of 2022 and $69.0 million in the first nine months of 2022 compared to the same periods in 2021. The increases were partially due to higher digital expenses ($14.7 million third quarter, $26.4 million first nine months) driven by growth in Premion. Growth in programming costs ($11.8 million third quarter, $34.2 million first nine months) driven by rate increases under existing affiliation agreements also contributed to the increases.

2022 vs. 2020

Cost of revenues increased $49.7 million in the third quarter of 2022 and $156.7 million in the first nine months of 2022 compared to the same periods in 2020. The increases were partially due to growth in programming costs ($30.9 million third quarter, $94.9 million first nine months) driven by rate increases under existing and newly renegotiated affiliation agreements and growth in subscription revenue (certain programming costs are linked to such revenues). Higher digital expenses ($9.9 million third quarter, $40.4 million first nine months) driven by growth in Premion also contributed to the increases.

Business units - Selling, general and administrative expenses

2022 vs. 2021

Business unit selling, general and administrative expenses decreased $1.8 million in the third quarter of 2022 and increased $13.4 million in the first nine months of 2022 compared to the same periods in 2021. The decrease for the quarter was primarily due to a $3.0 million decline in professional fees. This decline was partially offset by the absence in 2022 of a $0.7 million reduction in bad debt expense that occurred in 2021 which was primarily attributable to improved collection trends. The increase in the first nine months was primarily due to a $13.7 million increase in sales commissions and payroll costs driven by growth in digital revenue. Also contributing to the increase was a $2.6 million absence in 2022 of a reduction in bad debt expense primarily attributed to improved collection trends which occurred in 2021. These increases were partially offset by an $8.8 million decline in professional fees.

2022 vs. 2020

Business unit SG&A expenses increased $8.6 million in the third quarter of 2022 and $32.2 million in the first nine months of 2022 compared to the same periods in 2020. The increases were primarily due to higher sales commissions and payroll costs (together, $8.7 million third quarter, $26.9 million first nine months) driven by growth in AMS revenue.

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.

2022 vs. 2021

Corporate general and administrative expenses increased $1.5 million in the third quarter of 2022 and decreased $3.6 million in the first nine months of 2022 compared to the same periods in 2021. The increase for the quarter was primarily driven by $3.7 million M&A-related costs mainly incurred in support of the regulatory review of the Merger. The decrease for the first nine months was primarily driven by the absence in 2022 of $16.6 million of advisory fees incurred in 2021 related to activism defense and a $3.5 million decline in professional fees, partially offset by $18.1 million of M&A-related costs incurred in 2022.

2022 vs. 2020

Corporate general and administrative expenses increased $2.1 million in the third quarter of 2022 and decreased $13.0 million in the first nine months of 2022 compared to the same periods in 2020. The increase for the quarter was primarily driven by $3.7 million of M&A-related costs incurred in support of the regulatory review of the Merger. The decrease for the first nine months was primarily driven by the absence in 2022 of $23.1 million of advisory fees and $4.6 million of M&A due diligence costs incurred in 2020, partially offset by $18.1 million of M&A-related costs incurred in 2022.

Depreciation

2022 vs. 2021

Depreciation expense decreased by $1.6 million in the third quarter of 2022 and $2.5 million in the first nine months of 2022 compared to the same periods in 2021. The decreases were due to certain assets reaching the end of their assumed useful lives.

2022 vs. 2020

Depreciation expense decreased by $0.9 million in the third quarter of 2022 and $3.6 million in the first nine months of 2022 compared to the same periods in 2020. The decreases were due to certain assets reaching the end of their assumed useful lives.

Amortization of intangible assets

2022 vs. 2021

Amortization expense decreased $0.8 million in the third quarter of 2022 and $2.4 million in the first nine months of 2022 compared to the same periods in 2021. The decreases were due to certain assets reaching the end of their assumed useful lives and therefore becoming fully amortized.

2022 vs. 2020

Amortization expense decreased $2.2 million in the third quarter of 2022 and $5.6 million in the first nine months of 2022 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.

Spectrum repacking reimbursements and other, net

2022 vs. 2021

Spectrum repacking reimbursements and other net gains were $0.2 million in the third quarter of 2022 compared to net losses of $0.5 million in the same period in 2021 and net gains of $0.3 million in the first nine months of 2022 compared to $2.4 million in the same period in 2021. The 2022 activity is related to reimbursements received from the Federal Communications Commission (FCC) for required spectrum repacking. The 2021 activity is primarily related to reimbursements from spectrum repacking ($0.6 million third quarter, $5.0 million first nine months), partially offset by a $1.5 million contract termination fee which was incurred in the second quarter of 2021 and a $1.1 million write off of certain assets which impacted both prior year periods.

2022 vs. 2020

Spectrum repacking reimbursements and other net gains were $0.2 million in the third quarter of 2022 compared to net gains of $2.9 million in the same period in 2020 and $0.3 million in the first nine months of 2022 compared to $10.5 million in the same period in 2020. The 2022 activity consists of the reimbursements discussed above. 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 which occurred in the second quarter of 2020 due to the retirement of a brand name.

Operating income

2022 vs. 2021

Operating income increased $20.9 million in the third quarter of 2022 and $69.6 million in the first nine months of 2022 compared to the same periods in 2021. The increases were driven by the changes in revenue and expenses discussed above, most notably the increase in political revenue.

2022 vs. 2020

Operating income increased $4.6 million in the third quarter of 2022 and $185.1 million in the first nine months of 2022 compared to the same periods in 2020. The increases were driven by the changes in revenue and expenses discussed above, most notably the increases in subscription and AMS revenues as well as programming expense.

Non-operating (expense) income

Non-operating expenses decreased $3.5 million in the third quarter of 2022 compared to the same period in 2021. This decrease was primarily due to a $3.1 million decrease in interest expense driven by lower average outstanding debt partially offset by a higher weighted average interest rate. Total average outstanding debt was $3.09 billion for the third quarter of 2022, compared to $3.37 billion in the same period of 2021. The weighted average interest rate on outstanding debt was 5.27% for the third quarter of 2022, compared to 5.18% in the same period of 2021.

In the first nine months of 2022, non-operating expenses decreased $23.5 million compared to the same period in 2021. This decrease was primarily due to a $20.8 million gain recognized on our available for sale investment in MadHive (see Note 3 to the condensed consolidated financial statements). Further, interest expense decreased $9.6 million driven by lower average outstanding debt partially offset by a higher weighted average interest rate. The average debt outstanding was $3.12 billion for the first nine months of 2022, compared to $3.46 billion in the same period of 2021. The weighted average interest rate on outstanding debt was 5.25% for the first nine months of 2022, compared to 5.13% in the same period of 2021.

Provision for income taxes

Income tax expense increased $7.0 million in the third quarter of 2022 compared to the same period in 2021. Income tax expense increased $29.1 million in the first nine months of 2022 compared to the same period in 2021. The increases were primarily due to increases in net income before tax. Our effective income tax rate was 23.1% for the third quarter of 2022, compared to 22.3% for the third quarter of 2021. The tax rate for the third quarter of 2022 is higher than the comparable rate in 2021 primarily due to discrete tax benefits realized related to a previously-disposed business in 2021 and nondeductible M&A-related transaction costs incurred. Our effective income tax rate was 24.4% for the first nine months of 2022, compared to 22.9% for the same period in 2021. The tax rate for the first nine months of 2022 is higher than the comparable amount in 2021 primarily due to a valuation allowance recorded on a minority investment, nondeductible M&A-related transaction costs incurred, and net deferred tax benefits as a result of state tax planning strategies implemented in 2021. Partially offsetting the increase were tax benefits from the utilization of capital loss carryforwards in connection with certain transactions and the release of the associated valuation allowance.

Net income attributable to TEGNA Inc.

Net income attributable to TEGNA Inc. was $146.1 million, or $0.65 per diluted share, in the third quarter of 2022 compared to $128.3 million, or $0.58 per diluted share, during the same period in 2021. For the first nine months of 2022, net income attributable to TEGNA Inc. was $411.9 million, or $1.83 per diluted share, compared to $347.5 million, or $1.56 per diluted share, for the same period in 2021. 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 2022 and 2021 were 224.9 million and 222.8 million, respectively. The weighted average number of diluted shares outstanding in the first nine months of 2022 and 2021 was 224.2 million and 222.2 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 and Credits 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 attributable to redeemable noncontrolling interest, (2) income taxes, (3) interest expense, (4) equity loss in unconsolidated investments, net, (5) other non-operating items, net, (6) M&A-related 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, (5) reimbursements from spectrum repacking and (6) proceeds from company-owned life insurance policies. 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 and Credits 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, 2022:

- Spectrum repacking reimbursements and other, net consisting of gains due to reimbursements from the FCC for required spectrum repacking;
- M&A-related costs;
- Other non-operating items consisting of a gain recognized on an available-for-sale investment and an impairment charge related to another investment; and
- Tax expense, net, associated with establishing a valuation allowance on a deferred tax asset related to an equity method investment.

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.

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, 2022	**GAAP measure**	**M&A-related costs**	**Spectrum repacking reimbursements and other**	**Special tax item**	**Non-GAAP measure**
Corporate - General and administrative expenses	$ 13,367	$ (3,701)	$ —	$ —	$ 9,666
Spectrum repacking reimbursements and other, net	(159)	—	159	—	—
Operating expenses	570,853	(3,701)	159	—	567,311
Operating income	232,258	3,701	(159)	—	235,800
Income before income taxes	189,984	3,701	(159)	—	193,526
Provision for income taxes	43,827	47	(37)	2,588	46,425
Net income attributable to TEGNA Inc.	146,065	3,654	(122)	(2,588)	147,009
Earnings per share - diluted [a]	$ 0.65	$ 0.02	$ —	$ (0.01)	$ 0.65

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

Quarter ended Sept. 30, 2021	GAAP measure	Special Items: Spectrum repacking reimbursements and other	Special Items: Other non-operating items	Special 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
Earnings per share - diluted	$ 0.58	$ —	$ (0.01)	$ (0.02)	$ 0.55

Nine months ended Sept. 30, 2022	GAAP measure	Special Items: M&A-related costs	Special Items: Spectrum repacking reimbursements and other	Special Items: Other non-operating items	Special Items: Special tax item	Non-GAAP measure
Corporate - General and administrative expenses	$ 48,299	$ (18,147)	$ —	$ —	$ —	$ 30,152
Spectrum repacking reimbursements and other, net	(322)	—	322	—	—	—
Operating expenses	1,699,699	(18,147)	322	—	—	1,681,874
Operating income	662,416	18,147	(322)	—	—	680,241
Other non-operating items, net	16,764	—	—	(18,308)	—	(1,544)
Total non-operating expenses	(117,437)	—	—	(18,308)	—	(135,745)
Income before income taxes	544,979	18,147	(322)	(18,308)	—	544,496
Provision for income taxes	132,595	85	(78)	168	(4,529)	128,241
Net income attributable to TEGNA Inc.	411,868	18,062	(244)	(18,476)	4,529	415,739
Net income per share-diluted	$ 1.83	$ 0.08	$ —	$ (0.08)	$ 0.02	$ 1.85

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

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,		
	2022	2021	Change	2022	2021	Change
Net income attributable to TEGNA Inc. (GAAP basis)	$ 146,065	$ 128,280	14 %	$ 411,868	$ 347,524	19 %
Plus: Net income attributable to redeemable noncontrolling interest	92	419	(78 %)	516	861	(40 %)
Plus: Provision for income taxes	43,827	36,870	19 %	132,595	103,470	28 %
Plus: Interest expense	43,406	46,477	(7 %)	129,976	139,571	(7 %)
Plus: Equity loss in unconsolidated investments, net	178	1,790	(90 %)	4,225	5,716	(26 %)
Less: Other non-operating items, net	(1,310)	(2,486)	(47 %)	(16,764)	(4,340)	***
Operating income (GAAP basis)	232,258	211,350	10 %	662,416	592,802	12 %
Plus: M&A-related costs	3,701	—	***	18,147	—	***
Plus: Advisory fees related to activism defense	—	—	***	—	16,611	***
Less (Plus): Spectrum repacking reimbursements and other, net	(159)	504	***	(322)	(2,394)	(87 %)
Adjusted operating income (non-GAAP basis)	235,800	211,854	11 %	680,241	607,019	12 %
Plus: Depreciation	15,219	16,792	(9 %)	46,058	48,526	(5 %)
Plus: Amortization of intangible assets	14,953	15,774	(5 %)	44,952	47,307	(5 %)
Adjusted EBITDA (non-GAAP basis)	**265,972**	**244,420**	**9 %**	**771,251**	**702,852**	**10 %**
Corporate - General and administrative expense (non-GAAP basis)	9,666	11,891	(19 %)	30,152	35,333	(15 %)
Adjusted EBITDA, excluding Corporate (non-GAAP basis)	**$ 275,638**	**$ 256,311**	**8 %**	**$ 801,403**	**$ 738,185**	**9 %**

*** Not meaningful

In the third quarter of 2022 Adjusted EBITDA margin was 34% without corporate expense or 33% with corporate expense, compared to third quarter of 2021 Adjusted EBITDA margin of 34% without corporate expense or 32% with corporate expense. For the nine months ended September 30, 2022, Adjusted EBITDA margin was 34% without corporate expense or 33% with corporate expense, compared to nine months ended September 30, 2021 Adjusted EBITDA of 33% without corporate expense or 32% with corporate expense. These margin increases were primarily driven by the operational factors discussed above within the revenue and operating expense fluctuation explanation sections, most notably, the increase in political revenue due to the run up to the mid-term elections and subscription revenue from annual rate increases under existing and newly renegotiated retransmission agreements.

Free Cash Flow Reconciliation

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

	Two-year period ended Sept. 30,	
	2022	2021
Net income attributable to TEGNA Inc. (GAAP basis)	$ 1,133,127	$ 914,257
Plus: Provision for income taxes	352,670	294,453
Plus: Interest expense	365,187	410,169
Plus: M&A-related costs	21,885	6,252
Plus: Depreciation	128,082	131,100
Plus: Amortization	125,076	132,571
Plus: Stock-based compensation	62,868	49,702
Plus: Company stock 401(k) contribution	34,932	33,116
Plus: Syndicated programming amortization	142,980	141,983
Plus: Workforce restructuring expense	—	5,933
Plus: Advisory fees related to activism defense	16,611	45,778
Plus: Cash dividend from equity investments for return on capital	6,035	9,235
Plus: Cash reimbursements from spectrum repacking	5,774	21,209
Plus: Net income attributable to redeemable noncontrolling interest	2,176	846
Plus: Reimbursement from Company-owned life insurance policies	1,456	530
Plus (Less): Equity loss (income) in unconsolidated investments, net	11,948	(3,908)
Less: Spectrum repacking reimbursements and other, net	(2,051)	(6,285)
(Less) Plus: Other non-operating items, net	(6,830)	24,691
Less: Syndicated programming payments	(146,021)	(147,411)
Less: Income tax payments, net of refunds	(348,387)	(242,077)
Less: Pension contributions	(10,250)	(25,230)
Less: Interest payments	(364,287)	(434,763)
Less: Purchases of property and equipment	(113,519)	(122,042)
Free cash flow (non-GAAP basis)	$ 1,419,462	$ 1,240,109
Revenue	$ 6,290,783	$ 5,848,181
Free cash flow as a % of Revenue	22.6 %	21.2 %

Our free cash flow, a non-GAAP performance measure, was $1.42 billion and $1.24 billion for the two-year periods ended September 30, 2022 and 2021, respectively. The increase in free cash flow is primarily due to increases in subscription and political revenues.

Liquidity, Capital Resources and Cash Flows

Our operations have historically generated 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.

We paid dividends totaling $63.5 million in first nine months of 2022 and $57.4 million in first nine months of 2021. We expect to continue to pay our regular quarterly dividend of $0.095 per share through the closing of the Merger, which is the maximum rate and frequency permitted by the Merger Agreement.

As of September 30, 2022, 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 2.47x, below the permitted leverage ratio of less than 4.75x. 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, 2022, our total debt was $3.07 billion, cash and cash equivalents totaled $376.6 million, and we had unused borrowing capacity of $1.49 billion under our revolving credit facility. Our debt consists of unsecured notes which have fixed interest rates.

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 2021 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 recurring contractual commitments, debt service obligations, capital expenditure requirements, and other working capital needs for the next twelve months and beyond.

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,	
	2022	**2021**
Balance of cash and cash equivalents beginning of the period	$ 56,989	$ 40,968
Operating activities:		
Net income	412,384	348,385
Depreciation, amortization and other non-cash adjustments	114,895	138,261
Pension contributions, net of income	(1,697)	(14,821)
Decrease (increase) in trade receivables	51,986	(49,687)
Decrease in interest and taxes payable	(23,104)	(76,372)
Other, net	46,241	(3,162)
Cash flow from operating activities	600,705	342,604
Investing activities:		
Purchase of property and equipment	(35,527)	(39,418)
All other investing activities	(535)	(5,938)
Cash flow used for investing activities	(36,062)	(45,356)
Cash flow used for financing activities	(244,991)	(287,002)
Increase in cash and cash equivalents	319,652	10,246
Balance of cash and cash equivalents end of the period	$ 376,641	$ 51,214

Operating activities - Cash flow from operating activities was $600.7 million for the nine months ended September 30, 2022, compared to $342.6 million for the same period in 2021. Driving the increase in operating cash flow was a favorable change in accounts receivable of $101.7 million, primarily due to timing of cash payments related to AMS revenue and an increase in subscription revenue. Operating cash flow was also positively impacted by an increase in political revenue of $127.7 million in the first nine months of 2022 as compared to 2021 (political revenue is paid upfront and provides an immediate benefit to cash flow from operating activities). Also contributing to the increase was a favorable change in accounts payable of $22.5 million in the first nine months of 2022 as compared to the same period in 2021, due to timing of payments. Lastly, tax payments declined $22.4 million due to the absence of elevated tax payments made in arrears in 2021 related to record political-driven results achieved in fourth quarter of 2020.

Investing activities - Cash flow used for investing activities was $36.1 million for the nine months ended September 30, 2022, compared to $45.4 million for the same period in 2021. The decrease of $9.3 million was primary due to $13.3 million being invested on an acquisition in 2021 and an absence of acquisitions in 2022. Also contributing to the decrease was a decrease in capital expenditures of $3.9 million. These favorable changes were partially offset by a $4.7 million reduction in reimbursements from spectrum repacking in the first nine months of 2022 as compared to the same period in 2021.

Financing activities - Cash flow used for financing activities was $245.0 million for the nine months ended September 30, 2022, compared to $287.0 million for the same period in 2021. The change was primarily due to our revolving credit facility which had net repayments of $166.0 million in the first nine months of 2022 as compared to net repayments of $219.0 million in the first nine months of 2021.

Certain Factors Affecting Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q that do not describe historical facts may constitute forward-looking statements within the meaning of the "safe harbor" provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on a number of assumptions about future events and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs, projections and estimates expressed in such statements. These risks, uncertainties and other factors include, but are not limited to, those described within Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and our Quarterly Reports on Form 10-Q, including the following: (1) the timing, receipt and terms and conditions of any required governmental or regulatory approvals of the proposed transaction and the related transactions involving the parties that could reduce the anticipated benefits of or cause the parties to abandon the proposed transaction, (2) risks related to the satisfaction of the conditions to closing the proposed transaction (including the failure to obtain necessary regulatory approvals), and the related transactions involving the parties, in the anticipated timeframe or at all, (3) the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of the Company's common stock, (4) disruption from the proposed transaction could make it more difficult to maintain business and operational relationships, including retaining and hiring key personnel and maintaining relationships with the Company's customers, vendors and others with whom it does business, (5) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement entered into pursuant to the proposed transaction or of the transactions involving the parties, (6) risks related to disruption of management's attention from the Company's ongoing business operations due to the proposed transaction, (7) significant transaction costs, (8) the risk of litigation and/or regulatory actions related to the proposed transaction or unfavorable results from currently pending litigation and proceedings or litigation and proceedings that could arise in the future, (9) other business effects, including the effects of industry, market, economic, political or regulatory conditions, (10) information technology system failures, data security breaches, data privacy compliance, network disruptions, and cybersecurity, malware or ransomware attacks, and (11) changes resulting from the COVID-19 pandemic (including the effect of COVID-19 on the Company's revenues, particularly our non-political advertising revenues), which could exacerbate any of the risks described above. Potential regulatory actions, changes in consumer behaviors and impacts on and modifications to our operations and business relating thereto and our ability to execute on our standalone plan can also cause actual results to differ materially. We are not responsible for updating the information contained in this Quarterly Report on Form 10-Q beyond the published date.

Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of the Company. Each such statement speaks only as of the day it was made. We undertake no obligation to update or to revise any forward-looking statements. The factors described above cannot be controlled by our Company. When used in this Quarterly Report on Form 10-Q, the words "believes," "estimates," "plans," "expects," "should," "could," "outlook," and "anticipates" and similar expressions as they relate to our Company or management are intended to identify forward looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q may include, without limitation: statements about the potential benefits of the proposed acquisition, anticipated growth rates, the Company's plans, objectives, expectations, and the anticipated timing of closing the proposed transaction.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, refer to the following section of our 2021 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, 2021.

As of September 30, 2022, approximately $3.09 billion of our debt has a fixed interest rate (which represents 100% of our total principal debt obligation). The fair value of our total debt, based on bid and ask quotes for the related debt, totaled $2.88 billion as of September 30, 2022 and $3.40 billion as of December 31, 2021.

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, 2022. 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, 2022, 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 2021 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. We do not believe that there have been any material changes from the risk factors previously disclosed in our 2021 Annual Report on Form 10-K.

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. No shares were repurchased during the nine months ended September 30, 2022. As a result of the announcement of the Merger Agreement on February 22, 2022, we have suspended share repurchases under this program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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 9, 2022

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 9, 2022

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 9, 2022

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, 2022 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 9, 2022

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, 2022 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 9, 2022