TEGNA INC
Form 10-K
February 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K
(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

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

For the transition period from to

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.)
7950 Jones Branch Drive, McLean, Virginia	22107-0150
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (703) 854-7000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1.00 per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K (Check box if no delinquent filers). x

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

Large accelerated filer	x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ¨ No x

The aggregate market value of the voting common equity held by non-affiliates of the registrant based on the closing sales price of the registrant's Common Stock as reported on The New York Stock Exchange on June 30, 2015, was $7,239,422,726. The registrant has no non-voting common equity.

As of Jan. 31, 2016, 219,720,167 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders to be held on May 5, 2016, is incorporated by reference in Part III to the extent described therein.

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2015 FORM 10-K

PART I

ITEM 1.BUSINESS

Overview

Our company is comprised of a dynamic portfolio of media and digital businesses that provide content that matters and brands that deliver. We deliver highly relevant, useful and smart content, when and how people need it, to make the best decisions possible. Our agile and forward-thinking portfolio is comprised of one of the largest, most geographically diverse broadcasters in the U.S. and two leading digital companies, Cars.com and CareerBuilder. Combined, TEGNA's brands have tremendous reach. Each month, our company reaches more than 90 million people across our broadcast and digital media platforms.

Our high margin operations generate strong and dependable cash flow and we are very disciplined financially. In addition, our strong balance sheet provides us the flexibility to invest in our businesses and to capitalize on opportunities for organic and acquisition-related growth while returning value to shareholders through dividends and share repurchases.

Since 2011, we have followed an ambitious and focused business strategy to transform our company. In all our efforts, our decisions have focused on one goal: to increase shareholder value. Through 2014, we made great progress on this evolution, including through the strategic acquisitions of Cars.com and Belo Corp., which doubled the scale of our Digital and Media Segments.

Fiscal year 2015 was a terrific and historic year for our company. We negotiated several retransmission agreements with major carriers with favorable terms; reached new long-term affiliation agreements with two network broadcast partners; launched new, innovative and expanded products at Cars.com; and developed and deployed a more focused business strategy and direction at CareerBuilder.

During 2015, we also made a number of significant strategic changes to enhance shareholder returns and improve the company. On June 29, 2015, the first day of our fiscal third quarter, we completed the separation of our publishing businesses. Our company was renamed TEGNA Inc. and our stock trades on the New York Stock Exchange under the symbol TGNA. The new publishing company retained the name Gannett Co., Inc. (Gannett) and now trades on the New York Stock Exchange under the symbol GCI. In the fourth quarter of 2015, we also sold Clipper Magazine, Mobestream Media and PointRoll.

After these strategic changes, we now operate the following two reportable segments:

TEGNA Media (Media Segment) - which includes 46 television stations (including one station under service agreements) in 38 markets. We are the largest independent station group of major network affiliates in the top 25 markets, reaching approximately one-third of all television households nationwide (more than 35 million households). We represent the #1 NBC affiliate group, #1 CBS affiliate group and #4 ABC affiliate group (excluding owner-operators). In December, we completed our acquisition of three Sander Media LLC television stations - KGW in Portland, Oregon, WHAS in Louisville, Kentucky and KMSB in Tucson, Arizona - following approval from the Federal Communications Commission. We had serviced these stations under shared service and similar arrangements since December 2013. Each television station

also has a robust digital presence across online, mobile and social, reaching consumers whenever, wherever they are across platforms. About 42 million unique visitors access our Media Segment's digital properties each month. Social media is now at the core of all we do. Our stations keep viewers informed and engaged throughout the day. In fact, KUSA in Denver had the number one Facebook post of any local news organization during the year, generating 4 million interactions. Along with the advantages associated with our scale, we are ratings leaders well-positioned to continue to take market share. We believe that content comes first, resulting in award-winning local programming and a unique bond with the communities we serve. We continue to make top-notch, innovative programming a priority and invest in local news and other special programming to ensure we stay connected to our audiences and empower them throughout the day.

TEGNA Digital (Digital Segment) - which primarily consists of the Cars.com (formerly Classified Ventures LLC) and CareerBuilder businesses. Cars.com operates a leading online destination for automotive consumers offering credible, objective information about car shopping, selling and servicing. Cars.com has approximately 30 million monthly visits to its web properties and was recently named by comScore as having the number one mobile app in the third party automotive resources category. Cars.com leverages its growing consumer audience to help automotive dealers and marketers more effectively reach car buyers and sellers, as well as those looking for trusted service providers.

In addition, we own a controlling 53% interest in CareerBuilder, a global leader in human capital solutions specializing in Human Resource (HR) software as a service to help companies with every step of the recruitment process. CareerBuilder operates one of the largest job sites in North America, measured both by traffic and revenue, and has a presence in more than 60 markets worldwide. Together, Cars.com and CareerBuilder provide our advertising partners with access to two very important categories - automotive and human capital solutions. Our Digital Segment also includes G/O Digital, a one-stop shop for digital marketing services for local businesses; and Cofactor (also operating as ShopLocal), a digital marketing company that is uniquely positioned to bridge the divide between the online and offline worlds and enable brands to intelligently deliver content everywhere, driving sales locally. As consumers conduct more of their daily lives and day-to-day business online, our digital assets position us well, driving tremendous national and international reach.

In addition to the above reportable segments, our corporate category includes activities that are not directly attributable or allocable to a specific reportable segment. 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 a particular segment.

General Company Information
TEGNA (formerly Gannett Co., Inc.) was founded by Frank E. Gannett and associates in 1906 and was incorporated in 1923. We listed shares publicly for the first time in 1967 and reincorporated in Delaware in 1972. Our approximately 220 million outstanding shares of common stock are held by approximately 6,800 shareholders of record as of Dec. 31, 2015. Our headquarters is located at 7950 Jones Branch Drive, McLean, VA, 22107. Our telephone number is (703) 854-7000 and our website home page on the Internet is www.tegna.com. We make our website content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Annual Report on Form 10-K (Form 10-K).
Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements for our annual stockholders' meetings and amendments to those reports are available free of charge on our investor website, www.investors.tegna.com as soon as reasonably practical after we electronically file the material with, or furnish it to, the Securities and Exchange Commission (SEC). In addition, copies of our annual reports will be made available, free of charge, upon written request. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including TEGNA Inc.

Business Segments
We operate two business segments: Media and Digital. We organize our business segments based on management and internal reporting structure, the nature of products and services offered by the segments, and the financial information that is evaluated regularly by our chief operating decision maker. Financial information for each of our reportable segments can be found under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

Media Segment
In 2015, our Media Segment generated net revenues of $1.7 billion, which represented 55% of our total consolidated net revenues. We have a presence in almost one-third of U.S. television households with a total market reach of more than 35 million households. Our station portfolio includes 46 full-power stations including one station we service through services arrangements. Today we are more diversified by region and network affiliation and are now a leading company in the industry. Other than the three major networks (ABC, CBS, and NBC) themselves, we are the largest owner of stations affiliated with each of these three major networks in the top 25 markets.
The primary sources of our Media Segment's revenues are: 1) core advertising which includes local and national non-political advertising; 2) political advertising revenues which are driven by elections and peak in even years (e.g. 2016, 2014) and particularly in the second half of those years; 3) retransmission revenues representing fees paid by satellite and cable operators and telecommunications companies to carry our television signals on their systems; 4) digital revenues which encompass digital marketing services and advertising on the stations' websites and tablet and mobile products; and 5) payments by advertisers to television stations for other services, such as production of programming from third parties and production of advertising material.
The advertising revenues generated by a station's local news programs make up a significant part of its total revenues. Advertising rates are influenced by the demand for advertising time. This demand is influenced by a variety of factors, including the size and demographics of the local population, the concentration of businesses, local economic conditions in general, and the popularity of the station's programming. As the market fluctuates with supply and demand, so does the station's pricing. Almost all national advertising is placed through independent advertising representatives. Local advertising time is sold by each station's own sales force.
Generally, a network provides programs to its affiliated television stations and sells on its own behalf commercial advertising for certain of the available advertising spots within the network programs. Our television stations also produce local programming such as news, sports, and entertainment.
Broadcast affiliates and their network partners continue to have the broadest appeal in terms of household viewership, viewing time, and audience reach. The overall reach of events such as the Olympics and NFL Football, along with our extensive local news and non-news programming, continues to surpass the reach in viewership of individual cable channels. Our ratings and reach are driven by the quality of programs we and our network partners produce and by the

strong local connections we have to our communities, which give us a unique position among the numerous program choices viewers have, regardless of platform.

Strategy: Our Media Segment's quality and scale drives its success. Our television stations empower the people we serve, delivering highly relevant, useful and smart content. We expect our wide geographic footprint to serve us well throughout the 2016 election cycle. Media has stations in key swing states, such as Colorado, Florida, Ohio, North Carolina and Virginia, and we anticipate record-breaking political advertising spending in 2016. We also anticipate record-setting Olympic advertising spending which benefits Media as the number one independent NBC affiliate group.
Media renegotiated several new retransmission agreements with major carriers such as DISH and DIRECTV/AT&T U-verse in 2015, and we expect our content and scale will allow us to grow market share and secure further retransmission fee revenue growth in the future. A gap remains between the value we provide and the fees that we are currently receiving from many carriers. We expect that we will continue to close that gap over the coming years. Media has also recently executed long-term network affiliation agreements with CBS and NBC. Media's entire portfolio of CBS, NBC and ABC stations is now under long-term agreements. Additionally, there are several initiatives underway that we expect to contribute to additional revenue and cash flow growth in the coming years to offset the impact of rising network affiliation fees.
The Media Segment continues to focus on increasing engagement on all platforms with local customers, including digital marketing services and advertising on the stations' desktop, tablet and mobile products. In 2015, we modernized our technology infrastructure. By doing this, we gained the benefit of both lowering our digital technology costs while significantly improving our customer experiences. We introduced new customer-facing product platforms and improved our internal systems, which help our teams deliver outstanding customer experiences. We introduced a new mobile app platform to many of our stations on September 1 and launched a beta release of our new mobile web/web content management system. Customers can also consume our content on our recently launched Roku and NewsOn app channels. We introduced new on-air tools to weave social media into our broadcasts while our journalists created mobile video capturing more news in real-time. On the internal systems front, we built a portal called TegnaVision for our station groups to more easily share digital video. During the year, we built a new data warehouse and implemented-state-of-the-art social media analytics tools. These enhancements will give our local stations real time insight into what people are talking about in their communities.
Digital growth continues to accelerate for our television stations as content remains in high demand and product improvements continue to be favorably received by consumers. In 2015, total unique visitors and page views were up 13% and 14%, respectively, on a pro forma basis. Usage of our mobile and tablet apps, as well as mobile web, grew significantly in 2015 and now accounts for almost two-thirds of the total digital page views. Digital video plays in 2015 increased 25% as video continues to be highly desired on all platforms. Product enhancements to both the desktop and mobile digital products occur every year and are part of a continuous cycle of improving the customer experience and increasing consumer engagement.

The Media Segment is positioned to maximize engagement through social media. The synergistic relationship between social media and television is strong and we continue to explore ways to socially engage consumers on all screens for all types of programs, from major sporting events such as the Super Bowl and March Madness, to signature television events such as the Grammys or Academy Awards. Our social media reach grew over 40% in 2015 and now totals over 12 million followers on Twitter and Facebook. Within the Media Segment, social media consumers resulted in over 800 million referrals during 2015, a 125% increase over 2014.
Retransmission consent and affiliation agreements: Pursuant to Federal Communications Commission (FCC) rules, every three years a local television station must elect to either (1) require cable and/or direct broadcast satellite operators to carry the station's signal or (2) require such cable and satellite operators to negotiate retransmission consent agreements to secure carriage. At present, we have retransmission consent agreements with the majority of cable operators and satellite providers for carriage of our television stations. We also have retransmission agreements with major telecommunications companies. Revenue from television retransmission fees has increased steadily in the last several years, better reflecting the value of the content that our Media Segment provides. While core advertising still represents a majority of Media Segment revenues (approximately 65% in 2015), the contribution from retransmission revenues continues to grow. In 2015, we completed retransmission negotiations with several significant operators. These are multi-year agreements that provide us with significant and steady revenue streams.

Retransmission revenues are expected to grow significantly in 2016 and beyond.

Of our 46 stations, 40 have affiliation agreements with one of the four major networks. Programming fees are paid to our network partners who, in turn, provide us with prime time, sports and network news programming, which we then distribute in the local markets in which we operate. CBS and NBC affiliation agreements were just renewed with expiration dates in 2019 and 2021 respectively. The renewed affiliation agreements include our original TEGNA stations as well as our more recently acquired stations.

Programming and production: The costs of locally produced and purchased syndicated programming is a significant portion of television operating expenses. Syndicated programming costs are determined based on several market factors, including demand from the independent and affiliated stations within the market. In recent years, our television stations have expanded our locally produced news and entertainment programming in an effort to provide programs that distinguish the stations from the competition, to increase locally responsible programming, and to be more cost effective. Due to our scale, we provide stations additional resources from other markets to cover our major breaking news stories which give us a competitive advantage.

From our successful negotiations of renewed retransmission agreements and the creation of original, innovative programming to expanded coverage and increased focus on our communities, we had a very strong year in 2015. We kicked off significant efforts to transform our content and connect with audiences in new, powerful ways. With increased alignment between our digital and linear television properties as well as increased focus on station-to-station content sharing, we delivered more cross-platform reporting than ever before.

For example, in January 2015, in response to the Ferguson, Missouri riots, Media started a campaign to improve the dialogue between police and their respective communities. Using the hashtag #startswithtrust, Media stations combined special on-air reports with social media outreach to tell the story in their local community. The campaign was designed to open an honest dialogue about the issue. Stations aired special Town Halls, told impactful stories and conducted meaningful interviews in an effort to not just report on the issue but improve communities. When tragedy struck the AME Methodist Church in Charleston, South Carolina, our Columbia station, WLTX, dominated the story, benefiting from Media resources in Charlotte, Atlanta and Jacksonville. Our teams produced an hour-long dedication to the victims and encouraged South Carolinians to perform nine simple acts of kindness to honor the nine victims. The community rallied around the effort taking to social media to share their acts of kindness via the hashtag #lovenothate.

Our investigative reporting was also a big focus this year. Statewide investigations across our Texas stations became standard practice. We found success with multiple investigations that ran across our Media stations, including an investigation into our country’s 911 system and an investigation revealing the backlog of untested sexual assault kits. Both efforts generated a tremendous response. Our investigation hashtag #can911findme generated over 1.7M social media mentions and our untested sexual assault kits investigation led the Vice President, Attorney General and District Attorney for Manhattan to pledge $80 million to help clear the backlog.

Our Media Segment received substantial recognition and honors this year. We were the most recognized station group for excellence in local news. Our stations received 84 Edward R. Murrow awards including the national Murrow for overall excellence. In addition, our stations won the National Association of Broadcasters Service to America Award, six Investigative Reporters and Editors awards, three Alfred I. duPont-Columbia University awards, a Peabody Award, eight Salute to Excellence awards from the National Association of Black Journalists, 44 awards from the National Association of Press Photographers and many more. All of this recognizes the quality journalism and commitment to localism our stations deliver day-in and day-out.

Competition: Our Media Segment competes for audience share and advertising revenues primarily with other local television broadcasters (including network-affiliated and independent) and with other advertising media, such as radio broadcasters, multichannel video programming distributors (MVPDs), newspapers, magazines, direct mail and Internet media. Other sources of competition for our media stations include home video and audio recorders and players, direct broadcast satellite, low power television, Internet radio, video offerings (both wire line and wireless) of telephone companies as well as developing video services. Our stations compete for audience share and audience composition within their respective Designated Market Area (DMA) which is largely driven by program popularity. Our share of the DMA has a direct effect on the rates we are able to charge advertisers. MVPDs can also increase competition by bringing additional cable network channels and content into the DMA.

The advertising industry is dynamic and rapidly evolving. Our stations compete in the emerging local electronic media space, which includes the Internet or Internet-enabled devices, handheld wireless devices such as mobile phones and tablets, social media platforms, digital spectrum opportunities associated with digital television transmission (DTV) and Internet-enabled (“over-the-top” or “OTT”) television services. The technology that enables consumers to receive news and information continues to evolve.

Regulation: Our television stations are operated under the authority of the FCC, the Communications Act of 1934, as amended (Communications Act), and the rules and policies of the FCC (FCC Regulations).

Television broadcast licenses generally are granted for periods of eight years. They are renewable upon application to the FCC and usually are renewed except in rare cases in which a petition to deny, a complaint or an adverse finding as to the licensee’s qualifications results in loss of the license. We believe we are in substantial compliance with all applicable provisions of the Communications Act and FCC Regulations.

FCC Regulations also limit the concentration of broadcasting control and regulate network and local programming practices. FCC Regulations governing media ownership limit, or in some cases prohibit, the common ownership or control of most communications media serving common market areas (for example, television and radio; television and daily newspapers; or radio and daily newspapers). FCC Regulations permit common ownership of two television stations in the same market in certain defined circumstances, including situations where at least one of the commonly owned stations is outside the market's top four rated stations at the time of acquisition and, at least, eight independent media "voices" remain after the acquisition. The Communications Act includes a national ownership cap for broadcast television stations which prohibits any one person or entity from having, in the aggregate, market reach of more than 39% of all U.S. television households. The market reach of stations that broadcast on UHF channels is discounted by 50% (the UHF discount). Our 45 television stations (excluding the station we currently service under a services arrangement) reach approximately 24% of U.S. television households, after applying the UHF discount. The FCC has proposed a repeal of the UHF discount and that proceeding remains pending. Without applying the UHF discount, our national reach would be approximately 32%.

The FCC commenced a new review of its ownership rules in 2014, as it is required to do every four years. The FCC has proposed to retain the local television ownership rule and proposed a modest relaxation of the newspaper/broadcast rule. Also in 2014, the FCC determined that certain joint sales agreements (JSAs) between television stations will be treated as attributable ownership interests. We are party to only one JSA which would have an insignificant impact on our overall attributable ownership interest. The FCC has proposed disclosure of shared services agreements and local news agreements. We are also party to a transition services agreement, which is similar to a shared services agreement though more limited, with a third party that owns a television station in Tucson, where we also own a television station. The current chair of the FCC has stated that he expects the ownership review commenced in 2014 to be completed by mid-2016. We are unable to predict whether or how the FCC's rules in this area may change.

Congress has adopted legislation requiring the FCC to make changes to the rules concerning negotiation of retransmission consent agreements (which govern cable and satellite operators' carriage of our signals). In 2015, the FCC adopted new rules required by the STELA Reauthorization Act of 2014 that prohibit same-market television broadcast stations from coordinating or jointly negotiating for retransmission consent unless they are under common ownership control. Congress also has directed the FCC to commence a rulemaking to "review its totality of the circumstances test for good faith [retransmission consent] negotiations." The Commission has commenced the required proceeding to review the "totality of the circumstances" test for good faith retransmission consent negotiations, which proceeding is ongoing. We cannot predict what, if any, additional changes to the rules governing retransmission consent negotiations may be adopted. Separately, the FCC has sought comment on a proposal to eliminate the network non-duplication and syndicated exclusivity protection rules, which may permit cable operators, direct broadcast satellite systems, or other distributors classified by the FCC as MVPDs to import out-of-market television stations with duplicating programming during a retransmission consent dispute or otherwise. If these or other changes are adopted and favor MVPDs' leverage against broadcasters in retransmission consent negotiations, such changes could adversely impact our revenue from retransmission and advertising.

Congress has authorized the FCC to conduct a voluntary incentive auction to reallocate certain spectrum currently occupied by television broadcast stations to mobile wireless broadband services, along with a related "repacking" of the television spectrum for remaining television stations. The repacking may entail television stations moving to different channels, having smaller service areas, and/or accepting additional interference. Congress has required that the FCC make "all reasonable efforts" to preserve the coverage area and population served of full-power and Class A television stations. The legislation authorizing the repacking establishes a $1.75 billion fund for reimbursement of costs incurred by stations which will be required to change channels in the repacking. Initial applications for stations that wish to remain eligible to bid to relinquish some or all of their current spectrum rights - either by going off the air, moving frequency bands, or sharing a channel - were due on January 12, 2016, at which point the "quiet period" under the FCC's auction anti-collusion rules commenced. During the quiet period - which continues until the FCC publicly announces the auction results

- broadcast television licensees eligible to participate in the reverse-auction phase of the incentive auction are prohibited from directly or indirectly communicating with each other or with forward-auction applicants regarding licensees' bids or bidding strategies in the incentive auction. The incentive auction is currently scheduled to commence in March 2016. We have performed a comprehensive review of our markets with respect to the opportunities presented by the auction. We have submitted initial applications for certain of our stations. However, we are unable to provide further details due to the above mentioned FCC rules. It is still too early to predict the likelihood, timing or outcome of any additional FCC regulatory action in this regard or the ultimate impact, if any, of the incentive auction and repacking upon our business.

In December 2014, the FCC proposed to expand the definition of MVPD to include certain "over-the-top" distributors of video programming that stream content to consumers over the Internet. If the FCC adopts this proposal, it could result in changes to how our stations' signals are distributed, as well as how our video programming competitors reach viewers. We are unable to predict at this time whether the FCC will adopt this proposal or what the effect on our retransmission and advertising revenues will be, if any.

Digital Segment

Our Digital Segment is comprised of four business units including; Cars.com, CareerBuilder, G/O Digital and Cofactor. In 2015, our Digital Segment generated net revenues of $1.4 billion, which represented 45% of our total consolidated net revenues.

In October 2014, we acquired the remaining 73% interest we did not already own in Cars.com. Cars.com is a leading independent research site for car shoppers with approximately 30 million visits per month and nearly 900,000 visits per month across mobile devices. Independent automotive research sites have become an integral part of the car shopping process. Today, nearly all consumers visit a third-party site such as Cars.com to gather vehicle and dealership information and build confidence in the decision-making process. Recent research shows that approximately a third of all vehicles sold in the U.S. were both researched and found on Cars.com. Cars.com offers credible and easy-to-understand information from consumers and experts providing car buyers greater control over the shopping process. Leveraging its growing audience, Cars.com informs digital marketing strategies through consumer insights and innovative products, helping automotive dealers and manufacturers more effectively reach in-market car shoppers.

Cars.com generates revenues through online subscription advertising products targeting car dealerships and national advertisers through its own direct sales force as well as its affiliate sales channels. Cars.com hosts approximately 4.5 million vehicle listings at any given time and serves almost 21,000 customers that are primarily franchise and independent car dealers in all 50 states. In January 2015, Cars.com expanded into the area of service, introducing a solution that provides information about reputable certified repair shops and allows consumers to get estimates on potential vehicle repairs.

CareerBuilder offers a wide array of solutions that help employers around the world match the right candidate to the right opportunity. CareerBuilder built the world's first and only pre-hire platform, providing everything from high-powered sourcing and mass job distribution to labor market analysis, workflow and automatic candidate relationship management - all in one place. Through its technology, constant innovation and customer care delivered at every touch point, CareerBuilder is helping employers hire the best talent, faster. Revenues are generated by both our own sales force, by providing recruitment solutions, workforce analytics, and human resource related consulting services, and through sales of employment advertising placed with CareerBuilder's owners' affiliated media organizations.

CareerBuilder serves both U.S. and international customers. Through its websites and partnerships, CareerBuilder has a presence in more than 60 countries worldwide, including Europe, Canada, Asia, Australia and South America. In 2015, U.S. customers accounted for 89% and international customers accounted for 11% of CareerBuilder's net revenue.

G/O Digital is a one-stop-shop for local businesses looking to connect with media consumers through digital marketing, including via search, social and email advertising. During 2015, we continued to successfully scale and grow this business, by developing a central advertising sales force and offering cross-platform marketing campaigns to leading local advertisers in multiple markets.

Cofactor is a leader in turnkey local, at scale interactive marketing that enables brands and retailers to engage shoppers with personalized ad content on any device or channel to drive local store traffic and sales. Cofactor offers a complete suite of innovative digital advertising solutions to connect with shoppers along the path to purchase, driving measurable in-store sales and return on investment. Cofactor partners with the nation's top retailers and brands, including CVS, Kohl's, Lowe's, Publix, Procter & Gamble, Staples, The Home Depot and Walgreens, to deliver localized ad content to shoppers at national scale through online circulars, display advertising, search, social media, video and mobile.

Strategy: The Digital Segment is driving significant growth as our businesses meet evolving consumer demand. For example, Cars.com has added to its offerings for car dealers, buyers, and sellers increasing Cars.com's standing within the increasingly crucial advertising vertical. Cars.com continues to be a leader in products and service innovation. Beyond this, Cars.com launched RepairPal Certified, connecting car owners and dealership service departments, and Event Positions, which helps promote dealership events to an in-market audience during a specific timeframe. More recently, we launched Lot Insights, a first-of-its-kind tool in the industry which uses geo-fencing to measure the influence that Cars.com has in connecting customers and online shopping to dealerships and an in-store experience. These products are already contributing to revenue growth and more products will launch in the coming years that will continue to better serve our buyer and seller customers.

Also driving growth at Cars.com is an increase in digital automotive advertising, reflecting trends in consumer behavior, as car shoppers increasingly turn to digital to research vehicles before purchase. Cars.com is well-positioned to take advantage of shifting consumer and dealer trends. We offer industry-leading automotive advertising solutions as well as a user-friendly and innovative vehicle search platform. With approximately 17.5 million new cars sold across the U.S. in 2015, Cars.com is taking advantage of a healthy demand for automobiles, increased digital advertising spending, greater dealer penetration and continued innovation across its product offerings.

CareerBuilder is transforming into a global HR software-as-a-service (SaaS) leader, combining its advertising products with software and analytics to create a single unified solution for recruiters. The SaaS platform is in addition to CareerBuilder's existing product line, and not a departure from the core business. CareerBuilder has rapidly grown its SaaS product offering, achieving revenues of $149 million in 2015, up 30% from 2014.

Competition: Our Digital Segment faces significant competition from other websites offering integrated Internet products and services, networking websites and e-commerce websites. Several competitors offer online services and/or content in a manner similar to us that competes for the attention of the users of our offerings and advertisers. Specifically, Cars.com competes for a share of total digital advertising spend in the U.S. automotive market. The digital automotive industry is constantly evolving with new competitors entering the market as barriers to entry are relatively low. In recent years, dealers have shifted an increasing portion of their advertising budgets to new entrants with niche advertising products. Dealers also continue to invest in search engine marketing to drive traffic directly to their own websites, bypassing third-party sites while still investing in traditional media such as television, radio and newspapers. Cars.com has maintained its leadership position through its award-winning site and through innovative new products for its advertisers. In the current competitive climate, the need to innovate and to connect an advertiser's investment to eventual sales at a local level will be of increasing importance.

For CareerBuilder, the market for online recruitment solutions is highly competitive with a multitude of online and offline competitors. Competitors include other employment related websites, general classified advertising websites, professional networking and social networking websites, traditional media companies, Internet portals, search engines and blogs. The barriers to entry into the online recruitment market are relatively low and new competitors continue to emerge. Recent trends include the rising popularity of professional and social media networking websites and job aggregation sites which have gained traction with employer advertisers. The number of niche job boards targeting specific industry verticals has also continued to increase. CareerBuilder's ability to maintain its existing customer base while generating new customers depends, to a significant degree, on the quality of its services, pricing, product innovation and reputation among customers and potential customers.

For G/O Digital, the market for digital marketing services is highly competitive and fragmented. On a local level, we face increased competition from a wide range of companies offering similar tools and systems for managing and optimizing advertising campaigns.

For Cofactor, the market for digital store promotions is highly competitive and evolving as digital media transforms demand for marketing programs. Cofactor anticipates continued benefits from growth in online-influenced offline retail sales. The scale of Cofactor's proprietary retail database and its established distribution partnerships is a source of advantage in this space. Cofactor enables delivery of all types of promotional content to any digitally connected device across all platforms, a key factor with the continued surge in mobile and social usage among consumers.

Regulation and legislation (impacting Digital Segment businesses and digital operations associated with Media businesses): The U.S. Congress has passed legislation which regulates certain aspects of the Internet, including content, copyright infringement, taxation, access charges, liability for third party activities and jurisdiction. Federal, state, local and foreign governmental organizations have enacted and also are considering other legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include, but are not limited to, user privacy, data security, and intellectual property ownership. With respect to user privacy, the legislative and regulatory proposals could regulate behavioral advertising, which specifically refers to the use of user behavioral data for the creation and delivery of more relevant, targeted Internet advertisements. With respect to our international operations, we are also closely monitoring developments regarding regulations relating to the transfer of personal data from Europe to the U.S. Some of our digital properties utilize certain aspects of user behavioral and personal data in their advertising solutions to customers.

Employees

At the end of 2015, TEGNA and its subsidiaries employed approximately 10,000 full-time and part-time people, including 2,800 at CareerBuilder.

	2015	2014
Media	5,020	5,100
Digital	4,785	6,080
Corporate	215	285
Total company	10,020	11,465

Approximately 7% of our employees (including subsidiaries) in the U.S. are represented by labor unions. They are represented by 23 local bargaining units, most of which are affiliated with one of four international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the broadcasting industry. We do not engage in industry-wide or company-wide bargaining.

Environmental and Sustainability Initiatives

We are committed to protecting the environment and managing our environmental impact responsibly. Environmental risk previously disclosed associated with the printing operations of our former publishing businesses transferred to Gannett in connection with the spin.

Our television stations regularly cover environmental and sustainability issues. Our station in Buffalo, WGRZ, investigated high concentrations of lead in homes. Both the city and the county blamed each other for a lack of testing, which would have identified the problem. As a result of a series of WGRZ stories, the city and county have begun working together to solve the problem, benefiting many Buffalo families. Another example is KPNX in Phoenix, which produced a series of reports on the accidental release by the U.S. Environmental Protection Agency of millions of gallons of toxic waste water from an abandoned mine and its impact on local farmers.

The TEGNA Foundation supports non-profit activities in communities where we do business and contributes to a variety of charitable causes through its Community Grant Program. One of the TEGNA Foundation's community action grant priorities is environmental conservation.

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MARKETS WE SERVE
TELEVISION STATIONS AND AFFILIATED DIGITAL PLATFORMS

State/District of Columbia	City	Station/web site	Channel/Network	Affiliation Agreement Expires in	Weekly Audience [5]	Founded
Arizona	Flagstaff	KNAZ-TV: 12news.com	Ch. 2/NBC	2021	(6)	1970
	Phoenix	KPNX-TV: 12news.com	Ch. 12/NBC	2021	1,237,000	1953
	Tucson	KMSB-TV: tucsonnewsnow.com	Ch. 11/FOX	2016	208,000	1967
		KTTU-TV[1]: tucsonnewsnow.com	Ch. 18/MNTV	2016	61,000	1984
Arkansas	Little Rock	KTHV-TV: thv11.com	Ch. 11/CBS	2019	387,000	1955
California	Sacramento	KXTV-TV: abc10.com	Ch. 10/ABC	2018	797,000	1955
Colorado	Denver	KTVD-TV: my20denver.com	Ch. 20/MNTV	2016	543,000	1988
		KUSA-TV: 9news.com	Ch. 9/NBC	2021	1,162,000	1952
District of Columbia	Washington	WUSA-TV: wusa9.com	Ch. 9/CBS	2019	1,459,000	1949
Florida	Jacksonville	WJXX-TV: firstcoastnews.com	Ch. 25/ABC	2018	391,000	1989
		WTLV-TV: firstcoastnews.com	Ch. 12/NBC	2021	457,000	1957
	Tampa-St. Petersburg	WTSP-TV: wtsp.com	Ch. 10/CBS	2019	1,165,000	1965
Georgia	Atlanta	WATL-TV: myatltv.com	Ch. 36/MNTV	2016	656,000	1954
		WXIA-TV: 11alive.com	Ch. 11/NBC	2021	1,552,000	1948
	Macon	WMAZ-TV: 13wmaz.com	Ch. 13/CBS	2019	185,000	1953
Idaho	Boise	KTVB-TV[3]: ktvb.com	Ch. 7/NBC	2021	189,000	1953
Kentucky	Louisville	WHAS-TV: whas11.com	Ch. 11/ABC	2018	460,000	1950
Louisiana	New Orleans	WWL-TV: wwltv.com	Ch. 4/CBS	2019	516,000	1957
		WUPL-TV[4]: wupltv.com	Ch. 54/MNTV	2016	150,000	1955
Maine	Bangor	WLBZ-TV: wlbz2.com	Ch. 2/NBC	2021	85,000	1954
	Portland	WCSH-TV: wcsh6.com	Ch. 6/NBC	2021	253,000	1953
Michigan	Grand Rapids	WZZM-TV: wzzm13.com	Ch. 13/ABC	2018	333,000	1962
Minnesota	Minneapolis-St. Paul	KARE-TV: kare11.com	Ch. 11/NBC	2021	1,210,000	1953
Missouri	St. Louis	KSDK-TV: ksdk.com	Ch. 5/NBC	2021	933,000	1947
New York	Buffalo	WGRZ-TV: wgrz.com	Ch. 2/NBC	2021	445,000	1954
North Carolina	Charlotte	WCNC-TV: wcnc.com	Ch. 36/NBC	2021	775,000	1967
	Greensboro	WFMY-TV: wfmynews2.com	Ch. 2/CBS	2019	506,000	1949
Ohio	Cleveland	WKYC-TV: wkyc.com	Ch. 3/NBC	2021	1,077,000	1948
Oregon	Portland	KGW-TV[2]: kgw.com	Ch. 8/NBC	2021	792,000	1956
South Carolina	Columbia	WLTX-TV: wltx.com	Ch. 19/CBS	2019	271,000	1953
Tennessee	Knoxville	WBIR-TV: wbir.com	Ch. 10/NBC	2021	377,000	1956
Texas	Abilene-Sweetwater	KXVA-TV: myfoxzone.com	Ch. 15/FOX	2017	N/A [7]	2001
	Austin	KVUE-TV: kvue.com	Ch. 24/ABC	2018	468,000	1971
	Beaumont-Port Arthur	KBMT-TV: 12newsnow.com	Ch. 12/ABC	2018	97,000	1961
	Corpus Christi	KIII-TV: kiiitv.com	Ch. 3/ABC	2018	151,000	1964
	Dallas/Ft. Worth	WFAA-TV: wfaa.com	Ch. 8/ABC	2018	1,587,000	1949
	Houston	KHOU-TV: khou.com	Ch. 11/CBS	2019	1,532,000	1953
	San Angelo	KIDY-TV: myfoxzone.com	Ch. 6/FOX	2017	N/A [7]	1984
	San Antonio	KENS-TV: kens5.com	Ch. 5/CBS	2019	615,000	1950
	Tyler-Longview	KYTX-TV: cbs19.tv	Ch. 19/CBS	2019	137,000	2008

	Waco-Temple-College Station	KCEN-TV: kcentv.com	Ch. 9/NBC	2021	183,000	1953
Virginia	Hampton/Norfolk	WVEC-TV: 13newsnow.com	Ch. 13/ABC	2018	496,000	1953
Washington	Seattle/Tacoma	KING-TV: king5.com	Ch. 5/NBC	2021	1,285,000	1948
		KONG-TV: king5.com	Ch. 16/IND	N/A	535,000	1997
	Spokane	KREM-TV: krem.com	Ch. 2/CBS	2019	258,000	1954
		KSKN-TV: spokanescw22.com	Ch. 22/CW	2016	88,000	1983

(1) We service this station under service arrangements.
(2) We also own KGWZ-LD, a low power television station in Portland, OR.
(3) We also own KTFT-LD (NBC), a low power television station in Twin Falls, ID.
(4) We also own WBXN-CA, a Class A television station in New Orleans, LA.
(5) Weekly audience is number of television households reached, according to the November 2015 Nielsen book.
(6) KNAZ weekly audience is reported as part of KPNX.
(7) Audience numbers fall below minimum reporting standards.

We also have one regional news channel, Northwest Cable News (NWCN) in Seattle/Tacoma, WA, and two local news channels, 24/7 NewsChannel in Boise, ID and NewsWatch on Channel 15 in New Orleans, LA. These operations provide news coverage and certain other programming in a comprehensive 24-hour a day format using the resources of our television stations in Texas, Washington, Oregon, Idaho, Louisiana and Arizona.

DIGITAL
Cars.com: www.cars.com
Headquarters: Chicago, IL
CareerBuilder: www.careerbuilder.com
Headquarters: Chicago, IL
Cofactor (also operating as ShopLocal): www.cofactordigital.com; www.shoplocal.com; www.aboutshoplocal.com
Headquarters: Chicago, IL
G/O Digital: www.godigitalmarketing.com
Headquarters: Phoenix, AZ

INVESTMENTS
We have non-controlling ownership interests in the following companies:
4Info: www.4info.com
Captivate: www.captivate.com
Livestream: www.livestream.com
Repair Pal: www.repairpal.com
Topix: www.topix.com
Video Call Center: www.thevideocallcenter.com
Wanderful Media: www.wanderful.com
Winners View: www.winnersview.com

TEGNA ON THE NET: News and information about us is available on our web site, www.TEGNA.com. In addition to news and other information about us, we provide access through this site to our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after we file or furnish them electronically to the Securities and Exchange Commission (SEC). Certifications by our Chief Executive Officer and Chief Financial Officer are included as exhibits to our SEC reports (including to this Form 10-K). We also provide access on this web site to our Principles of Corporate Governance, the charters of our Audit, Executive Compensation and Nominating and Public Responsibility Committees and other important governance documents and policies, including our Ethics and Inside Trading Policies. Copies of all of these corporate governance documents are available to any shareholder upon written request made to our Secretary at the headquarters address. We will disclose on this web site changes to, or waivers of, our corporate Ethics Policy.

Certain factors affecting forward-looking statements
Certain statements in this Annual Report on Form 10-K contain certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words “believe,” “expect,” “estimate,” “could,” “should,” “intend,” “may,” “plan,” “seek,” “anticipate,” “project” and similar expressions, among others, generally id “forward-looking statements”. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements.
Our actual financial results may be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this Form 10-K speak only as of the date of its filing. Except where required by applicable law, we expressly disclaim a duty to provide updates to forward-looking statements after the date of this Form 10-K to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this Form 10-K are intended to be subject to the safe harbor protection provided by the federal securities laws.

ITEM 1A. RISK FACTORS

Following the spin-off of our publishing businesses in June 2015, the size and concentration of our business has changed. An investment in our common stock involves risks and uncertainties and prospective investors should consider carefully the following risk factors before investing in our securities. The risks described below may not be the only risks we face. Additional risks that we do not yet perceive or that we currently believe are immaterial may adversely affect our business and the trading price of our securities.

Changes in economic conditions in the U.S. markets we serve may depress demand for our products and services
We generate a significant portion of our revenues in our Media Segment from the sale of advertising at our television stations. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. As a result, our operating results depend on the relative strength of the economy in our principal television and digital markets as well as the strength or weakness of regional and national economic factors. A decline in economic conditions in the U.S. could have a significant adverse impact on our businesses and could significantly impact all key advertising revenue categories. In addition, declining economic conditions could adversely affect employment conditions and consumer sentiment, reducing demand for the product offerings of CareerBuilder and Cars.com, which could impair our ability to grow our Digital revenues, which are increasingly important to our overall revenue mix since the separation was completed.

Competition from alternative forms of media may impair our ability to grow or maintain revenue levels in core and new businesses
Advertising produces the predominant share of our revenues from our Media Segment, with our stations’ affiliated desktop, mobile and tablet advertising revenues being an important component. Technology, particularly new video formats, streaming and downloading capabilities via the Internet, video-on-demand, personal video recorders and other devices and technologies used in the entertainment industry, continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume news and entertainment, including through so-called “cutting the cord” and other consumption strategies. These innovations may affect our ability to generate television audience, which may make our television stations less attractive to both household audiences and advertisers. This competition may make it difficult for us to grow or maintain our media revenues, which we believe will challenge us to expand the contributions of our online and other digital businesses.

The value of our assets or operations may be diminished if our information technology systems fail to perform adequately or if we are the subject of a data breach or cyber attack

Our information technology systems are critically important to operating our business efficiently and effectively. We rely on our information technology systems to manage our business data, communications, news and advertising content, digital products, order entry, fulfillment and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, late or missed publications, and loss of sales and customers, causing our business and results to be impacted.

Furthermore, attempts to compromise information technology systems occur regularly across many industries and sectors, and we may be vulnerable to security breaches beyond our control. We invest in security resources and technology to protect our data and business processes against risk of data security breaches and cyber attack, but the techniques used to attempt attacks are constantly changing. A breach or successful attack could have a negative impact on our operations or business reputation. We maintain cyber risk insurance, but this insurance may be insufficient to cover all of our losses from any future breaches of our systems.

As has historically been the case in the broadcast sector, loss of or changes in affiliation agreements or retransmission consent agreements could adversely affect operating results for our Media Segment’s stations

Most of our stations have network affiliation agreements with the major broadcast television networks (ABC, CBS, NBC, and Fox). These television networks produce and distribute programming in exchange for each of our stations' commitment to air the programming at specified times and for commercial announcement time during the programming. In most cases, we also make cash payments to the networks.

Each of our affiliation agreements has a stated expiration date. If renewed, our network affiliation agreements may be renewed on terms that are less favorable to us. The non-renewal or termination of any of our network affiliation agreements would prevent us from being able to carry programming of the affiliate network. This loss of programming would require us to obtain replacement programming, which may involve higher costs and/or which may not be as attractive to our audiences, resulting in reduced revenues.

In recent years, the networks have streamed their programming on the Internet and other distribution platforms, in some cases within a short period of the original network programming broadcast on local television stations, including those we own. An increase in the availability of network programming on alternative platforms that either bypass or provide less favorable terms to local stations - such as cable channels, the Internet and other distribution vehicles - may dilute the exclusivity and value of network programming originally broadcast by the local stations and could adversely affect the business, financial condition and results of operations of our stations.

Our retransmission consent agreements with major cable, satellite and telecommunications service providers permit them to retransmit our stations' signals to their subscribers in exchange for the payment of compensation to us. As is the case in the broadcast television industry generally, if we are unable to renegotiate these agreements on favorable terms, or at all, the failure to do so could have an adverse effect on our business, financial condition, and results of operations.

There could be significant liability if the spin-off of the publishing businesses is determined to be a taxable transaction

We received an opinion from outside tax counsel to the effect that the requirements for tax-free treatment under Section 355 of the Internal Revenue Code were satisfied. The opinion relies on certain facts, assumptions, representations and undertakings from TEGNA and Gannett regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not satisfied, TEGNA and its stockholders may not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities.

Notwithstanding the opinion of tax counsel, the Internal Revenue Service could determine on audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings were incorrect or have been violated or if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of certain significant changes in the share ownership of TEGNA or Gannett after the separation. If the separation is determined to be taxable for U.S. federal income tax purposes, TEGNA and its stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

Gannett or we may fail to perform under various temporary transaction agreements that were executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire

In connection with the separation, we entered into a separation and distribution agreement and also entered into various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. The separation and distribution agreement, the tax matters agreement and the employee matters agreement determined the allocation of assets and liabilities between the companies following the separation for those respective areas and includes certain indemnifications related to liabilities and obligations. The transition services agreement provides for the performance of certain services by each company for the benefit of the other for a limited period of time after the separation. We will rely on Gannett to satisfy its performance obligations under these agreements. If Gannett is unable to satisfy its obligations under these agreements, we could incur operational difficulties or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire or terminate, we may not be able to operate our business effectively and our profitability may decline.

Volatility in the U.S. credit markets could significantly impact our ability to obtain new financing to fund our operations and strategic initiatives or to refinance our existing debt at reasonable rates as it matures

At December 31, 2015, we had approximately $4.2 billion in debt and approximately $658 million of undrawn additional borrowing capacity under our revolving credit facility that expires in 2020. This debt matures at various times during the years 2016-2027. While our cash flow is expected to be sufficient to pay amounts when due, if operating results deteriorate significantly, a portion of these maturities may need to be refinanced. Access to the capital markets for longer-term financing is unpredictable, and volatile credit markets could make it harder for us to obtain debt financings generally.

Changes in the regulatory environment could encumber or impede our efforts to improve operating results or the value of assets

Our media and digital operations are subject to government regulation. Changing regulations, particularly FCC Regulations which affect our television stations (including changes to our shared services and similar agreements), may result in increased costs, reduced valuations for certain broadcasting properties or other impacts, all of which may adversely impact our future profitability. All of our television stations are required to hold television broadcasting licenses from the FCC; when granted, these licenses are generally granted for a period of eight years. Under certain circumstances, the FCC is not required to renew any license and could decline to renew either our current license applications that are pending or those submitted in the future.

Our strategic acquisitions, investments and partnerships could pose various risks, increase our leverage and may significantly impact our ability to expand our overall profitability
Acquisitions involve inherent risks, such as increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material adverse effect on our results of operations or cash flow and could strain our human resources. We may be unable to successfully implement effective cost controls, achieve expected synergies or increase revenues as a result of an acquisition. Acquisitions may result in us assuming unexpected liabilities and in management diverting its attention from the operation of our business. Disclosures we make regarding past operating results of acquired entities and our pro forma results are based on financial information provided to us by acquired entities, which has not been reviewed by our auditors or subject to our internal controls. Acquisitions may result in us having greater exposure to the industry risks of the businesses underlying the acquisition. Strategic investments and partnerships with other companies expose us to the risk that we may be unable to control the operations of our investee or partnership, which could decrease the amount of benefits we realize from a particular relationship. We are exposed to the risk that our partners in strategic investments and infrastructure may encounter financial difficulties which could disrupt investee or partnership activities, or impair assets acquired, which would adversely affect future reported results of operations and shareholders' equity. In addition, we may be unable to obtain financing necessary to complete acquisitions on attractive terms or at all. The failure to obtain regulatory approvals may prevent us from completing or realizing the anticipated benefits of acquisitions. Furthermore, acquisitions may subject us to new or different regulations which could have an adverse effect on our operations.

The value of our existing intangible assets may become impaired, depending upon future operating results
Goodwill and other intangible assets were approximately $6.98 billion at December 31, 2015, representing approximately 82% of our total assets. These assets are subject to annual impairment testing and more frequent testing upon the occurrence of certain events or significant changes in circumstance that indicate all or a portion of their carrying values may no longer be recoverable. In which case a non-cash charge to earnings may be necessary, as occurred in 2013-2015 (see Notes 3 and 11 to the consolidated financial statements). We may subsequently experience market pressures which could cause future cash flows to decline below our current expectations, or volatile equity markets could negatively impact market factors used in the impairment analysis, including earnings multiples, discount rates, and long-term growth rates. Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and shareholders' equity, although such charges would not affect our cash flow.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Media Segment
Our media facilities are adequately equipped with the necessary television digital broadcasting equipment. We own or lease transmitter facilities in 52 locations. All of our stations have converted to digital television operations in accordance with applicable FCC Regulations. Our broadcasting facilities are adequate for present purposes. A listing of television station locations can be found on page 10.

Digital Segment
Generally, our digital businesses lease their facilities. This includes facilities for executive offices, sales offices and data centers. Our facilities are adequate for present operations. We believe that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion. A listing of our significant Digital facilities can be found on pages 11.

Corporate facilities
In October 2015, we sold our corporate headquarters in McLean, VA for a purchase price of $270 million. Following the sale, we are leasing a portion of the facility back for a period of at least 18 months. Additional information regarding the corporate headquarters sale may be found in Note 12 of the Notes to Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS AND ENVIRONMENTAL MATTERS

Information regarding legal proceedings may be found in Note 12 of the Notes to Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5.MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our shares are traded on the New York Stock Exchange with the symbol TGNA. Information regarding outstanding shares, shareholders and dividends may be found on pages 1, 4 and 15 of this Form 10-K. Information about debt securities sold in private transactions may be found on pages 25-26 of this Form 10-K.

TEGNA Common Stock Prices
High-low range by fiscal quarters based on NYSE-composite prices. On June 29, 2015, the first day of the fiscal third quarter, we completed the separation of our publishing business through a spin-off transaction. TEGNA's common stock prices in and after the third quarter of 2015 reflect the price impact of the spin-off transaction.

		Dividends Paid Per Share	Common Stock Prices	
Year	Quarter		Low	High
2015	First	$0.20	$29.62	$36.56
	Second	$0.20	$34.27	$38.01
	Third	$0.20	$22.42	$32.97
	Fourth	$0.14	$21.85	$28.68
	Total 2015	$0.74	$21.85	$38.01
2014	First	$0.20	$25.96	$30.43
	Second	$0.20	$25.53	$30.98
	Third	$0.20	$29.88	$35.70
	Fourth	$0.20	$25.95	$33.70
	Total 2014	$0.80	$25.53	$35.70

Following the spin-off of our publishing businesses, on June 29, 2015, we announced that we would begin paying a regular quarterly cash dividend of $0.14 per share. We paid dividends (excluding the special spin-off distribution of our publishing businesses) totaling $167.5 million in 2015 and $181 million in 2014. On Feb. 23, 2016, the Board of Directors declared a dividend of $0.14 per share, payable on April 1, 2016, to shareholders of record as of the close of business March 4, 2016. We expect to continue paying comparable regular cash dividends in the future. The rate and frequency of future dividends will depend on future earnings, capital requirements and financial condition and other factors considered relevant by our Board of Directors.

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Repurchased Under the Program
9/28/15 - 11/1/15	264,743	$25.81	264,743	$692,688,712
11/2/15 - 11/29/15	939,864	$27.26	939,864	$667,066,449
11/30/15 - 12/31/15	1,426,500	$26.64	1,426,500	$629,060,180
Total 4th Quarter 2015	2,631,107	$26.78	2,631,107	$629,060,180

In June 2015, our Board of Directors approved a $750 million share repurchase program to be completed over a three-year period beginning June 29, 2015. On Oct. 20, 2015, our Board of Directors approved a $75 million increase to the share repurchase program, bringing the total authorized amount to $825 million. We spent $271 million in 2015 to repurchase 9.6 million of our shares, at an average price per share of $28.16. Under the program, management has discretion to determine the dollar amount of shares to be repurchased and the timing of any repurchases in compliance with applicable law and regulation.

As of December 31, 2015, 123,000 shares were repurchased as part of the publicly announced repurchase program, but were settled after the quarter ended. The effect of those repurchases decreased the maximum dollar value available under the program to $625,874,910.

Comparison of shareholder return – 2011 to 2015

The following graph compares the performance of our common stock during the period Dec. 26, 2010, to Dec. 31, 2015, with the S&P 500 Index, and two peer group indexes we selected.

Our 2015 peer group includes A.H. Belo Corp., Discovery Communications Inc., The E.W. Scripps Company, LinkedIn Corp., The McClatchy Company, Media General, Inc. (on an adjusted basis to reflect its merger with Young Broadcasting, LLC), Meredith Corp., Monster Worldwide Inc., The New York Times Company, News Corp. (on an adjusted basis to reflect the spin-off by News Corporation), Nexstar Broadcasting Group Inc., ReachLocal Inc., Sinclair Broadcast Group Inc., and Yahoo Inc. (collectively, the “2015 Peer Group”). Many of the 2015 Peer Group companies have a strong publishing/broadcasting orientation, but the peer group also includes companies in the digital media industry.

Our 2016 peer group includes Angie's List Inc., CBS Corp., Constant Contact Inc., Discovery Communications Inc., E.W. Scripps Company, Gray Television Inc., Groupon Inc., Harte Hanks Inc., IAC/InterActiveCorp, LinkinedIn Corp., Media General, Inc., Meredith Corp., Monster Worldwide Inc., Nexstar Broadcasting Group Inc., Sinclair Broadcast Group Inc., Tribune Media Company, Yahoo Inc., and Yelp Inc. (collectively, the "2016 Peer Group"). Our 2016 Peer Group reflects our post-spin business segments and includes broadcasting and digital companies.

The S&P 500 Index includes 500 U.S. companies in the industrial, utilities and financial sectors and is weighted by market capitalization. The total returns of the Peer Groups also are weighted by market capitalization.

The graph depicts representative results of investing $100 in our common stock, the S&P 500 Index, 2015 Peer Group, and 2016 Peer Group index at closing on Dec. 26, 2010. It assumes that dividends were reinvested monthly with respect to our common stock (including, as it relates to the spin-off, the aggregate value of the former publishing businesses as distributed to our shareholders), daily with respect to the S&P 500 Index and monthly with respect to each Peer Group company.

	2010	2011	2012	2013	2014	2015
TEGNA Inc.	$100	$90.37	$127.80	$216.61	$240.11	$240.31
S&P 500 Index	$100	$102.11	$118.45	$156.82	$178.29	$180.75
2015 Peer Group	$100	$106.82	$148.38	$249.95	$265.12	$202.97
2016 Peer Group	$100	$101.74	$114.08	$204.45	$198.34	$156.51

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the years 2011 through 2015 is contained under the heading “Selected Financial Data” on page 64 and is derived from our audited financial statements for those years.

The information contained in the “Selected Financial Data” is not necessarily indicative of the results of operations to be expected for future years, and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 and the consolidated financial statements and related notes thereto included in Item 8 of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

Our company is comprised of a dynamic portfolio of media and digital businesses that provide content that matters and brands that deliver. Our media business includes 46 television stations operating in 38 markets, offering high-quality television programming and digital content. Our digital business primarily consists of our Cars.com and CareerBuilder business units that operate in the automotive and human capital solutions industries. The Cars.com website provides credible and easy-to-understand information from consumers and experts to provide car buyers with greater control over the car buying and servicing process. CareerBuilder helps companies target, attract and retain workforce talent through an array product offerings including talent management software and other advertising and recruitment solutions.

On the first day of our fiscal third quarter, June 29, 2015, we completed the spin-off of our publishing businesses. Our company was renamed TEGNA Inc., and our stock trades on the New York Stock Exchange under the symbol TGNA. In addition, during the fourth quarter of 2015, we sold substantially all of the businesses within our Other Segment. We have presented the financial condition and results of operations of the former publishing businesses and Other Segment as discontinued operations in the accompanying consolidated financial statements for all periods presented. For a summary of discontinued operations, see Note 13.

Fiscal year: Beginning in fiscal year 2015, we changed our financial reporting cycle to a calendar year-end. Accordingly, our 2015 fiscal year began on December 29, 2014 (the day after the end of the 2014 fiscal year) and ended on December 31, 2015. Historically, our fiscal year was a 52-53 week fiscal year that ended on the last Sunday of the calendar year. As a result, our 2015 fiscal year had four more days than the 2014 and 2013 fiscal years. The impact of the four extra days did not have a material impact on our financial statements, and therefore, we have not restated the historical results.

RESULTS OF OPERATIONS:

Consolidated summary

A consolidated summary of our results is presented below.

In millions of dollars

	2015	Change	2014	Change	2013
Operating revenue:					
Media	$1,682	(1%)	$1,692	***	$835
Digital	1,369	47%	934	22%	768
Total operating revenues	$3,051	16%	$2,626	64%	$1,603
Cost of sales	$923	(3%)	$955	44%	$663
Selling, general and admin. expenses	1,068	39%	767	44%	532
Depreciation	91	6%	86	59%	54
Amortization of intangible assets	114	73%	66	***	21
Facility consolidation and asset impairment charges	(59)	***	45	98%	23
Operating expenses	$2,138	11%	$1,919	48%	$1,292
Operating income	$913	29%	$707	***	$311

Note: Numbers may not sum due to rounding.

Consolidated Operating Revenue and Expense

2015 compared to 2014: Operating revenues were $3.05 billion in 2015, an increase of 16% from $2.63 billion in 2014. Media Segment revenues for 2015 decreased 1% to $1.68 billion, as double-digit growth in retransmission revenue and online revenue and higher core revenue was offset by the record level of political advertising revenue of

$159 million achieved in 2014. Digital Segment revenues totaled $1.37 billion for 2015, a record high and an increase of 47%. The increase reflects the acquisition and strong organic growth of Cars.com revenue.

Total reported operating expenses increased 11% to $2.14 billion in 2015, primarily due to the acquisition of Cars.com. Depreciation expense was 6% higher in 2015, reflecting the impact from the 2014 acquisitions of London Broadcasting television stations and Cars.com. Facility consolidation and non-cash asset impairment charges for all years are discussed in Notes 3 and 11 to the Consolidated Financial Statements.

We reported operating income for 2015 of $913 million compared to $707 million in 2014, a 29% increase primarily driven by the acquisition of Cars.com.

Our consolidated operating margins improved to 30% in 2015 compared to 27% in 2014 driven by improvement in margins from our Digital Segment, partially offset by the impact from the absence of Olympic and political spending in 2014.

2014 compared to 2013: Operating revenues for 2014 increased 64% to $2.62 billion, primarily due to increases from Media Segment as a result of the acquisitions of Belo and London Broadcasting Company television stations as well as substantially higher retransmission revenue, political and Olympic advertising. Digital Segment also increased as a result of increases at CareerBuilder driven by the strength of human capital software solutions and acquisition of Cars.com in October 2014.

Operating expenses increased by 48% to $1.92 billion for 2014, primarily due to the acquisitions of Belo, London Broadcasting Company and Cars.com.

Payroll expense trends: Payroll expense is the largest element of our normal operating expenses, and is summarized below, expressed as a percentage of total pre-tax operating expenses. Payroll expense as a percentage of total pre-tax operating expenses has remained consistent during 2013 through 2015.

	2015	2014	2013
Payroll costs	41.1%	41.0%	44.2%

Non-operating income and expense

Equity earnings: This income statement category reflects our share of earnings or losses from equity method investees. Our net equity income in unconsolidated investees for 2015 decreased from a gain of $151 million in 2014 to an equity loss of $5 million, reflecting primarily the absence of a $148 million gain on the sale of Apartments.com by Classified Ventures in 2014. Net equity income from unconsolidated investees for 2014 increased by $130 million compared to 2013 driven by the Apartments.com gain.

Interest expense: Interest expense in 2015 was $274 million and increased by $1 million primarily due to a higher average debt level of $4.37 billion compared to $3.85 billion in 2014. The higher average debt level is related to additional borrowings related to the October 2014 Cars.com acquisition. This increase was substantially offset by a lower average interest rate.

Interest expense in 2014 was higher compared to 2013, due to a higher average debt level of $3.85 billion in 2014 compared to $2.01 billion in 2013. The higher average debt level is related to additional borrowing related to both the Belo and Cars.com acquisitions in 2013 and 2014, respectively, partly offset by a lower average interest rate.

A further discussion of our borrowing and related interest cost is presented in the “Liquidity and capital resources” section of this report beginning on page 25 and in Note 6 to the Consolidated Financial Statements.

Other non-operating items: We reported a net loss of $12 million for other non-operating items in 2015. This loss is comprised of costs related to the spin-off of our publishing businesses partially offset by a gain of $44 million on the sale of a business.

Other non-operating items totaled a net gain of $404 million in 2014 with the majority related to the write-up of our prior 27% investment in Cars.com to fair value post acquisition and a gain related to required accounting for the pre-existing affiliate agreement between us and Cars.com. The net gain was partially offset by acquisition costs and expenses incurred for the spin-off of our publishing businesses.

We reported a net loss from non-operating items of $45 million in 2013 with the majority related to costs associated with the Belo transaction and a non-cash charge associated with the change in control and sale of interests related to our Captivate business. These costs were partially offset by interest income earned in 2013.

Provision for income taxes

We reported pre-tax income from continuing operations attributable to TEGNA of $560 million for 2015. The effective tax rate on pre-tax income was 36.1%.

We reported pre-tax income from continuing operations attributable to TEGNA of $922 million for 2014. The provision for income taxes reflects a special net tax benefit from the sale of a non-strategic subsidiary at a loss, for which a partial tax benefit was recognized. The effective tax rate in 2014 was 25.4%.

The higher tax rate for 2015 compared to 2014 is due to special items contributing a net tax benefit that related primarily to the 2014 sale of a non-strategic subsidiary at a loss, for which a partial tax benefit was recognized, partially offset by a reduction in audit resolutions.

We reported pre-tax income from continuing operations attributable to TEGNA of $55 million for 2013. The provision for income taxes reflects certain state audit settlements and a special net tax benefit from the release of certain tax reserves due to a multi-year federal audit settlement in 2013. The effective tax rate on pre-tax income was 24.5% which was comparable to the effective tax rate of 25.4% in 2014.

Further information concerning income tax matters is contained in Note 5 of the Consolidated Financial Statements.

Net income from continuing operations attributable to TEGNA Inc.

Net income from continuing operations attributable to TEGNA Inc. and related per share amounts are presented in the table below.

In millions of dollars, except per share amounts

	2015	Change	2014	Change	2013
Net income from continuing operations attributable to TEGNA Inc.	$357	(48%)	$688	***	$41
Per basic share	$1.59	(48%)	$3.04	***	$0.18
Per diluted share	$1.56	(47%)	$2.97	***	$0.18

Net income from continuing operations attributable to TEGNA Inc. consists of net income reduced by net income attributable to noncontrolling interests, primarily from CareerBuilder. We reported net income from continuing operations attributable to TEGNA of $357 million or $1.56 per diluted share for 2015 compared to $688 million or $2.97 per diluted share for 2014.

Net income attributable to noncontrolling interests was $63 million in 2015, $68 million in 2014 and $57 million in 2013.

Outlook for 2016: For 2016, we expect a record year for Media Segment revenues. Although we are still in the early stages of the campaign cycle, we are projecting Media segment revenues to increase in the high-teens to low 20% range with record political revenues in 2016 enhanced by our strong geographical footprint. We also anticipate significant summer Olympic revenue as television viewership of the Rio games has been projected to reach record highs.
Digital Segment revenues are expected to continue to increase driven by anticipated growth of 10%+ at Cars.com and mid-single digit revenue growth at CareerBuilder. These strong Media and Digital revenue drivers across the segments will all meaningfully contribute to total company revenue increases in the low to mid-teen range over 2015.
Total operating expenses are also expected to increase in the range of 8% to 10% in comparison to 2015 driven by higher revenues as we expand into richer content and broader product suites across all of our businesses. We also expect an increase in programming costs from the newly-negotiated affiliation agreements during the second half of 2015, as well as increases from digital sales growth initiatives within the Media Segment. In addition, we anticipate the following expenses and cash flow items in 2016:

- Depreciation expense is expected to be in the range of $90 million to $95 million in 2016.
- Amortization expense is expected to be approximately $110 million in 2016.
- We project interest expense of nearly $235 million.
- Capital expenditures are expected to be approximately $85 million to $95 million.

A discussion of operating results of our Media, and Digital Segments is as follows:

Media Segment
At the end of 2015, our Media operations included 46 television stations either owned or serviced through shared service agreements or other similar agreements. Media Segment revenues accounted for approximately 55% of our reported operating revenues for 2015.
Over the last three years, Media Segment revenues, expenses and operating income were as follows:
In millions of dollars

	2015	Change	2014	Change	2013
Operating revenues	$1,682	(1%)	$1,692	***	$835
Operating expenses					
Operating expenses exclusive of depreciation	886	4%	851	92%	444
Depreciation	51	(1%)	52	98%	26
Amortization	22	(21%)	29	***	2
Transformation items	8	(41%)	14	***	1
Operating expenses	968	2%	945	***	473
Operating income	$714	(4%)	$747	***	$362

Media Segment revenues are grouped into five categories: Core (Local and National), Political, Retransmission, Digital and Other. The following table summarizes the year-over-year changes in these select revenue categories.
In millions of dollars

	2015	Change	2014	Change	2013
Core (Local & National)	$1,072	3%	$1,046	74%	$600
Political	21	(87%)	159	***	13
Retransmission [(a)]	449	24%	362	145%	148
Digital	113	16%	98	156%	38
Other	27	(2%)	27	(24)%	36
Total	$1,682	(1%)	$1,692	103%	$835

(a) Reverse compensation to network affiliates is included as part of programming costs and therefore is excluded from this line.

Media Segment results 2015-2014: Media Segment revenues decreased $10 million to $1.68 billion or by 1% year-over-year for 2015, primarily due to record level of political advertising revenue of $159 million and $41 million in Olympic advertising revenue achieved during 2014. The change to a calendar year-end reporting cycle extended our fiscal year 2015 by four extra days which increased Media Segment revenues by $11 million. Core advertising revenues, which consist of Local and National non-political advertising, increased 3% to $1.07 billion in 2015. Political advertising revenue declined $138 million to $21 million in 2015. Political revenues are cyclical and higher in even years (e.g. 2014, 2016). Retransmission revenues increased 24% in 2015 resulting from newly negotiated agreements and annual rate increases. Within the Media Segment, digital revenue increased 16% compared to 2014 reflecting continued growth from digital marketing services products.

Media Segment operating expenses increased 2% to $968 million in 2015. The increase is driven primarily by higher reverse network compensation fees, increased costs from investment in digital initiatives, and incremental costs driven by the July 2014 acquisition of London Broadcasting Company.
As a result of all of these factors, Media Segment operating income decreased to $714 million in 2015 from $747 million in 2014.
Media Segment results 2014-2013: Revenues increased $857 million to $1.69 billion or 103% for 2014, a record high. The increase was primarily driven by the acquisition of Belo and London Broadcasting television stations, as well as substantially higher retransmission revenue and record non-presidential year political advertising.
Core advertising revenues increased 74% to $1.05 billion in 2014 mainly due to television station acquisitions and $41 million in advertising associated with the Winter Olympics that was partially offset by political advertising displacement. Political advertising reached $159 million compared to $13 million in 2013, driven by our strong political footprint. Retransmission revenues increased 145% in 2014 resulting from the expansion of our Media Segment portfolio and rate increases. Within the Media Segment, digital revenue increased 156% compared to 2013 reflecting continued growth from digital marketing services products.
Media Segment operating expenses doubled to $945 million in 2014. The increase is driven primarily by the impact from acquisitions, higher reverse network compensation fees, and higher investment in digital initiatives.
As a result of all of these factors, Media Segment operating income more than doubled to $747 million in 2014.

Digital Segment
The Digital Segment is comprised of our stand-alone digital business units including Cars.com, CareerBuilder, G/O Digital, and Cofactor (also operating as ShopLocal). On Nov. 12, 2015, we sold PointRoll which was part of Cofactor. Digital Segment revenues accounted for 45% of our total reported operating revenues for 2015.
Digital Segment revenues, expenses and operating income were as follows:
In millions of dollars

	2015	Change	2014	Change	2013
Operating revenues	$1,369	47%	$934	22%	$768
Operating expenses					
Operating expenses exclusive of depreciation	993	37%	722	20%	603
Depreciation	33	42%	23	33%	18
Amortization	92	***	37	***	18
Asset impairment	9	(72%)	31	44%	22
Transformation items	13	***	—	***	—
Operating expenses	1,139	40%	814	23%	661
Operating income	$229	91%	$120	12%	$107

Digital Segment results 2015-2014: Digital Segment revenues increased $435 million or 47% over 2014 to a record high of $1.37 billion, primarily driven by the acquisition and strong organic growth of Cars.com and partially offset by slightly lower CareerBuilder revenues.
CareerBuilder revenues decreased 2% in 2015 driven by year-over-year declines in foreign exchange rates as well as the strategic shift in focus in its product offerings. During 2015 CareerBuilder continued its transition toward higher-margin software-as-a-service solutions, including its new pre-hire platform and new recruitment software products. Software-as-a-service revenues increased 30% in 2015 and represented approximately 21% of total revenues within CareerBuilder. Revenues under these arrangements are generally longer term and recognized over 2-3 year contracts. These revenue increases were offset by declines from lower-margin, transactional source and screen arrangements and other transactional offerings, as CareerBuilder moves away from these product offerings to focus on the platform solutions.
Digital Segment expenses in 2015 increased 40% to $1.14 billion, primarily due to the Cars.com acquisition partly offset by lower expenses reflecting lower revenue at CareerBuilder. As a result of these factors, Digital Segment

operating income increased to $229 million in 2015.

Digital Segment results 2014-2013: Digital Segment revenues increased $166 million or 22% over 2013 to $934 million, primarily reflecting the impact of the Cars.com acquisition, and growth in revenues at CareerBuilder.

Digital Segment expenses in 2014 increased 23% to $814 million primarily due to the Cars.com acquisition and an increase in expenses at CareerBuilder associated with its revenue growth.

As a result of these factors, Digital Segment operating income increased to $120 million in 2014.

Operating results non-GAAP information

Presentation of non-GAAP information: We use non-GAAP financial performance and liquidity 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, and should be read in conjunction with financial information presented on a GAAP basis.

We discuss in this report non-GAAP financial performance measures that exclude from our reported GAAP results the impact of special items consisting of:

- Workforce restructuring charges;
- Transformation items;
- Non-cash asset impairment charges;
- Special gains and losses recorded in operating and non-operating; and
- Special tax gains and charges, as well as the tax effect of the above special items.

We believe that such expenses, charges and credits are not indicative of normal, ongoing operations and their inclusion in results makes for more difficult comparisons between years and with peer group companies.

Workforce restructuring expenses primarily relate to incremental expenses we have incurred to centralize functions. Workforce restructuring expenses include payroll and related benefit costs.

Transformation items include incremental expenses incurred by us to execute on our transformation and growth plan and incremental expenses and gains associated with optimizing our real estate portfolio. Asset impairment charges reflect non-cash charges to reduce the book value of certain intangible assets to their respective fair value.

Non-operating items for 2015 included special gains and charges primarily related to the gain from the sale of a business offset by expenses related to the spin-off of our publishing businesses. In 2014, non-operating items included income related to the write-up of our investment in Classified Ventures to fair value, costs for acquiring six London Broadcasting Company television stations, costs related to acquire the remaining outstanding shares of Cars.com, expenses related to the planned spin-off of our publishing operation and non-cash donations to our charitable foundation. Both 2015 and 2014 included call premiums to early retire certain senior notes. The gain of $137 million recognized in equity income in unconsolidated investees, net in 2014 is principally related to a gain on the sale of Apartments.com by Classified Ventures.

The income tax provision for 2015 reflects a net tax benefit primarily due to the impact of a deferred tax rate adjustment related to the spin-off of our publishing businesses. The income tax provision for 2014 reflects a tax benefit related to our portfolio restructuring, the sale of a non-strategic investment, and a charge related to the sale of our interest in television station KMOV in St. Louis, MO, in February 2014.

We discuss Adjusted EBITDA, a non-GAAP financial performance measure that we believe offers a useful view of our overall business operations. Adjusted EBITDA is defined as net income from continuing operations attributable to TEGNA before (1) net income attributable to noncontrolling interests, (2) income taxes, (3) interest expense, (4) equity income, (5) other non-operating items, (6) workforce restructuring, (7) transformation costs, (8) asset impairment charges, (9) depreciation and (10) amortization. When Adjusted EBITDA is discussed in reference to performance on a consolidated basis, the most directly comparable GAAP financial measure is Net income from continuing operations attributable to TEGNA.

We use non-GAAP financial performance measures for purposes of evaluating business unit and consolidated company performance. Therefore, we believe that each of the non-GAAP measures presented provides useful information to investors by allowing them to view our businesses through the eyes of our management and Board of Directors, facilitating comparison of results across historical periods, and providing a focus on the underlying ongoing operating performance of our businesses. Many of our peer group companies present similar non-GAAP measures to better facilitate industry comparisons.

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 millions of dollars (except per share amounts)		Special Items				
Fiscal Year Ended Dec. 31, 2015	GAAP measure	Workforce restructuring	Facility consolidation, transformation and asset impairment	Non-operating items	Special tax credit	Non-GAAP measure
Operating expenses	$2,138	$(8)	$72	$ —	$—	$ 2,202
Operating income	913	8	(72)	—	—	849
Other non-operating items	(12)	—	—	10	—	(1)
Total non-op (expense) income	(290)	—	—	10	—	(280)
Income before income taxes	623	8	(72)	10	—	569
Provision for income taxes	202	3	(31)	(2)	3	176
Net income from continuing operations attributable to TEGNA	357	5	(41)	13	(3)	330
Net income from continuing operations per share - diluted	$1.56	$0.02	$(0.17)	$ 0.05	$(0.01)	$ 1.44

Note: Totals may not sum due to rounding.

In millions of dollars (except per share amounts)		Special Items				
Fiscal Year Ended Dec. 28, 2014	GAAP measure	Workforce restructuring	Facility consolidation, transformation and asset impairment	Non-operating items	Special tax credit	Non-GAAP measure
Operating expenses	$1,919	$(7)	$(49)	$ —	$—	$ 1,862
Operating income	707	7	49	—	—	764
Equity income in unconsolidated investees, net	151	—	—	(137)	—	14
Other non-operating items	404	—	—	(405)	—	—
Total non-op (expense) income	283	—	—	(542)	—	(259)
Income before income taxes	991	7	49	(542)	—	505
Provision for income taxes	234	3	9	(203)	110	153
Net income from continuing operations attributable to TEGNA	688	4	40	(339)	(110)	284
Net income from continuing operations per share - diluted	$2.97	$0.02	$0.17	$ (1.46)	$(0.47)	$ 1.22

Note: Totals may not sum due to rounding.

Non-GAAP consolidated results

The following is a discussion of our as adjusted non-GAAP financial results.

In millions of dollars, except per share amounts

	2015	Change	2014
Adjusted operating expenses	$2,202	18%	$1,862
Adjusted operating income	849	11%	764
Adjusted equity income in unconsolidated investees, net	—	***	14
Adjusted other non-operating items	(1)	***	—
Adjusted total non-operating (expense) income	(280)	8%	(259)
Adjusted income before income taxes	569	13%	505
Adjusted provision for income taxes	176	15%	153
Adjusted net income from continuing operations attributable to TEGNA Inc.	330	16%	284
Adjusted net income from continuing operations per share - diluted	$1.44	18%	$1.22

Adjusted operating expenses increased 18% in 2015 over 2014 to $2.20 billion primarily due to the acquisitions of Cars.com.

Adjusted operating income increased 11% in 2015 over 2014 to $849 million. The increase reflects higher Digital Segment operating results primarily due to the impact of the Cars.com acquisition and strong results at Cars.com.

Adjusted non-operating item charges increased 8% in 2015 over 2014 to $280 million. This increase reflects higher interest expense due to higher average debt levels from additional borrowings related to the Cars.com acquisition in October 2014.

The adjusted effective tax rate for 2015 was 34.7% compared to 35.0% in 2014.

Adjusted net income attributable to TEGNA Inc. increased 16% in 2015 (18% on a diluted per share basis) as a result of higher as adjusted (non-GAAP basis) operating income in the Digital Segment.

Adjustments to reconcile Adjusted net income from continuing operations attributable to TEGNA Inc. to Adjusted EBITDA follow:

In millions of dollars

	2015	Change	2014
Net income from continuing operations attributable to TEGNA Inc. (GAAP basis)	$357	(48)%	$688
Net income attributable to noncontrolling interests	63	(7)%	68
Provision for income taxes	202	(14)%	234
Interest expense	274	—%	273
Equity loss (income) in unconsolidated investees, net	5	***	(151)
Other non-operating items	12	***	(404)
Operating income (GAAP basis)	$913	29%	$707
Workforce restructuring	8	14%	7
Other transformation items	9	(50)%	18
Asset impairment charges	9	(71)%	31
Corporate HQ building sale gain	(90)	***	—
Adjusted operating income (non-GAAP basis)	$849	11%	$764
Depreciation	91	6%	86
Adjusted amortization (non-GAAP basis)	114	87%	61
Non-cash rent	2	***	—
Adjusted EBITDA (non-GAAP basis)	$1,056	16%	$911

Note: Numbers may not sum due to rounding.

Adjusted EBITDA increased 16% to $1.06 billion in 2015 from $911 million in 2014. Adjusted EBITDA margins were relatively unchanged at 34.6% in 2015 reflecting the lower operating results in the Media Segment due to the anticipated absence of record non-presidential year political advertising revenues in 2014.

Segment results

The following is a discussion of our as adjusted non-GAAP financial results. All as adjusted (non-GAAP basis) measures are labeled as such or "adjusted".

A summary of the impact of workforce restructuring charges and transformation costs on our Media Segment is presented below:

In millions of dollars

	2015	Change	2014
Media Segment operating expenses (GAAP basis)	$968	2%	$945
Remove special items:			
Workforce restructuring	(4)	6%	(4)
Transformation gain (costs)	5	***	(18)
As adjusted operating expenses (non-GAAP basis)	$969	5%	$923
Media Segment operating income (GAAP basis)	$714	(4%)	$747
Remove special items:			
Workforce restructuring	4	6%	4
Transformation (gain) costs	(5)	***	18
As adjusted operating income (non-GAAP basis)	$714	(7%)	$769

Note: Numbers may not sum due to rounding.

Adjusted Media Segment operating expenses increased 5% in 2015 compared to 2014, driven primarily by higher investment in digital initiatives and reverse network compensation.

Adjusted Media Segment operating income decreased 7% to $714 million in 2015, driven by the absence of a record level of political advertising revenues and Olympic advertising that benefited 2014 results.

A summary of the impact of workforce restructuring charges and asset impairment charges on our Digital Segment is presented below:

In millions of dollars

	2015	Change	2014
Digital Segment operating expenses (GAAP basis)	$1,139	40%	$814
Remove special items:			
Workforce restructuring	(4)	16%	(3)
Asset impairment charges	(22)	(30%)	(31)
As adjusted operating expenses (non-GAAP basis)	$1,114	43%	$780
Digital Segment operating income (GAAP basis)	$229	91%	$120
Remove special items:			
Workforce restructuring	4	16%	3
Asset impairment charges	22	(30%)	31
As adjusted operating income (non-GAAP basis)	$255	65%	$154

Note: Numbers may not sum due to rounding.

Year-over-year adjusted operating expense comparisons for 2015 and 2014 reflect primarily the impact of the Cars.com acquisition. Adjusted operating income increased 65%, reflecting record revenues in our Digital Segment.

Presentation of Pro Forma Information

Pro forma information is presented as if the acquisition of Cars.com and the sale of PointRoll had occurred on the first day of 2014. The pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not necessarily indicative of what our results would have been had we operated the business since the beginning of 2014. Pro forma adjustments for Cars.com reflect depreciation expense and amortization of intangibles related to the fair value adjustments of the assets acquired and the alignment of accounting policies.

Reconciliations of Digital Segment revenues and expenses on a reported basis to a pro forma basis for 2015 and 2014 are below:

In millions of dollars

	2015 TEGNA (as reported)	Pro Forma Adjustments[a]	TEGNA Pro Forma Combined
Digital operating revenue	$1,369	$(32)	$1,337
Digital operating expense	1,139	(61)	1,078
Digital operating income	$229	$31	$260

(a) The pro forma adjustments exclude revenues and expenses for the sale of PointRoll as if it had occurred on the first day of 2014.

In millions of dollars

	2014 TEGNA (as reported)	Pro Forma Adjustments[a]	TEGNA Pro Forma Combined
Digital operating revenue	$934	$324	$1,258
Digital operating expense	814	260	1,074
Digital operating income	$120	$64	$184

(a) The pro forma adjustments include additions to revenue and expenses for the acquisition of Cars.com and exclude revenues and expenses for the sale of PointRoll as if they had occurred on the first day of 2014.

Digital Segment revenue on a pro forma basis increased 6% in 2015 primarily due to growth in Cars.com revenues. Cars.com revenues on a pro forma basis reflect organic growth in the markets in which they sell direct as well as price increases for affiliates implemented October 1, 2014. Digital Segment expenses were relatively flat on a pro forma basis.

FINANCIAL POSITION

Liquidity and capital resources

Operating Activities: Our cash flow from operating activities was $613 million in 2015, versus $821 million in 2014. The decrease in net cash flow from operating activities was due to the relative absence of $200 million of political and Olympic revenue achieved last year, the absence of our publishing businesses in the third and fourth quarters of 2015, a $22.5 million increase in pension payments in 2015, the timing of certain reverse network compensation payments, payments related to previously accrued expenses for the shutdown of USA Weekend and routine changes in working capital. The increase in pension payments in 2015 was primarily due to a voluntary contribution we made of $100.0 million to our principal retirement plan prior to the spin-off. There were no required contributions to any of our principal pension plans for the remainder of 2015. Cash paid for income taxes were lower in 2015 by $101 million compared to 2014, primarily due to the tax benefit received on the voluntary pension payment and the decrease in net income compared to the prior year.

Investing Activities: Net cash provided by investing activities was $217.3 million for 2015 compared to cash used by investing activities of $1.66 billion in 2014. The difference between periods was primarily attributable to proceeds of $411 million related to sales of assets (primarily sales of corporate headquarters and Seattle broadcast buildings) and sale of businesses (primarily Gannett Healthcare, Clipper and PointRoll) in 2015. This compares to payments for acquisitions of approximately $1.99 billion (primarily Cars.com, London Broadcasting and Broadbean) in 2014. Capital expenditures amounted to $118.7 million in 2015 and $150 million in 2014.

Financing Activities: Net cash used for financing activities was $819.7 million in 2015 compared to net cash provided by financing activities of $490.5 million in 2014. The difference between periods is primarily due to receiving less proceeds from the issuance of debt, increased repurchases of our common stock, increased debt repayments, and a one-time cash transfer of $63 million to our former publishing businesses in connection with the spin-off.

In 2015, our debt balance decreased as a result of $587 million of debt repayments, partially offset by additional borrowings of $200 million under a new five-year term loan as discussed below within "Long-term Debt" section. In 2014, proceeds from long-term debt and term loans were $1.31 billion which was used to partially finance the acquisition of Cars.com and repay the unsecured notes that matured in November 2014.

In 2015, we repurchased approximately 9.6 million shares of our stock for $271 million, paid dividends (excluding the special spin-off distribution of our publishing businesses) totaling $167.5 million ($0.74 per share) and made dividend payments and distributions to noncontrolling membership shareholders of $25 million.

Our operations have historically generated strong positive cash flow which, along with our program of maintaining bank revolving credit availability, has provided adequate liquidity to meet our requirements, including those for acquisitions.

Long-term debt

As of Dec. 31, 2015, our outstanding debt, net of unamortized discounts amounted to $4.2 billion and mainly is in the form of private placement fixed rate notes and borrowings under a revolving credit facility. See "Note 6 Long-term debt" to our consolidated financial statements for a table summarizing the components of our long-term debt. As of Dec. 31, 2015, we were in compliance with all covenants contained in our debt and credit agreements.

Our debt balance as of Dec. 31, 2015 decreased by $287 million from Dec. 28, 2014, primarily reflecting debt payments of $587 million partially offset by additional borrowings, including the new $200 million term loan mentioned below.

On June 29, 2015, we entered into an agreement to amend and extend our existing revolving credit facility with one expiring on June 29, 2020 (the Amended and Restated Competitive Advance and Revolving Credit Agreement). As a result, the maximum total leverage ratio permitted by the new agreement is 5.0x through June 30, 2017, after which, as amended, it is reduced to 4.75x through June 30, 2018 and then to 4.50x thereafter. Commitment fees on the revolving credit agreement are equal to 0.25% - 0.40% of the undrawn commitments, depending upon our leverage ratio, and are computed on the average daily undrawn balance under the revolving credit agreement and paid each quarter. Under the Amended and Restated Competitive Advance and Revolving Credit Agreement, we may borrow at an applicable margin above the Eurodollar base rate (LIBOR loan) or the higher of the Prime Rate, the Federal Funds Effective Rate plus 0.50%, or the one month LIBOR rate plus 1.00% (ABR loan). The applicable margin is determined based on our leverage ratio but differs between LIBOR loans and ABR loans. For LIBOR-based borrowing, the margin varies from 1.75% to 2.50%. For ABR-based borrowing, the margin will vary from 0.75% to 1.50%. On September 23, 2015, we amended the Amended and Restated Competitive Advance and Revolving Credit Agreement to add an additional lender. Total commitments under the Amended and Restated Competitive Advance and Revolving Credit Agreement are $1.4 billion. As of Dec. 31, 2015, we had unused borrowing capacity of $658 million under our revolving credit agreement.

In June 2015, we also borrowed $200 million under a new five-year term loan due in 2020 which has a year-end 2015 principal balance of $180 million. The interest rate on the term loan is equal to the same interest rates as borrowings under the Amended and Restated Competitive Advance and Revolving Credit Agreement. Both the revolving credit agreement and the term loan are guaranteed by a majority of our wholly-owned material domestic subsidiaries.

We have an effective shelf registration statement under which an unspecified amount of securities may be issued, subject to a $7.0 billion limit established by the Board of Directors. Proceeds from the sale of such securities may be used for general corporate purposes, including capital expenditures, working capital, securities repurchase programs, repayment of debt and financing of acquisitions. We may also invest borrowed funds that are not required for other purposes in short-term marketable securities.

Our debt maturities may be repaid with cash flow from operating activities, by accessing capital markets or a combination of both. The following schedule of annual maturities of the principal amount of total debt assumes we use available capacity under our revolving credit agreement to refinance unsecured floating rate term loans and fixed rate notes due in 2016 through 2018. Based on this refinancing assumption, all of the obligations other than the VIE unsecured floating rate term loan due prior to 2019 are reflected as maturities for 2019 and beyond.

In thousands of dollars	
2016 (1)	$646
2017 (1)	646
2018 (1)	646
2019	640,000
2020 (2)	1,807,129
Thereafter	1,765,000
Total	$4,214,067

(1) Maturities of principal amount of debt due in 2016 through 2018 (primarily the 10% fixed rate notes due in April 2016 and the 7.125% fixed rate notes due in September 2018) are assumed to be repaid with funds from the revolving credit agreement, which matures in 2020. Excluding our ability to repay funds with the revolving credit agreement, contractual debt maturities are $266 million, $72 million and $131 million in 2016, 2017 and 2018, respectively.
(2) Assumes current revolving credit agreement borrowings comes due in 2020 and credit facility is not extended.

Contractual obligations and commitments

The following table summarizes the expected cash outflows resulting from financial contracts and commitments as of the end of 2015.

Contractual obligations	Payments due by period				
In millions of dollars	Total	2016	2017-18	2019-20	Thereafter
Long-term debt (1)	$4,214	$1	$1	$2,447	$1,765
Interest Payments (2)	1,246	187	357	292	410
Operating leases (3)	204	41	63	36	64
Purchase obligations (4)	176	64	68	30	14
Programming contracts (5)	699	149	419	131	—
Other noncurrent liabilities (6)	80	8	20	17	35
Total	$6,619	$450	$928	$2,953	$2,288

(1) Long-term debt includes scheduled principal payments only. See Note 6 to the Consolidated Financial Statements for further information.

(2) We have $720 million of outstanding borrowings under our revolving credit facility as of Dec. 31, 2015. We have not included estimated interest payments since payments into and out of the credit facility change daily. Interest on the senior notes is based on the stated cash coupon rate and excludes the amortization of debt issuance discount. The term loan interest rates are based on the actual rates as of Dec. 31, 2015.

(3) See Note 12 to the Consolidated Financial Statements.

(4) Includes purchase obligations related to capital projects, interactive marketing agreements and other legally binding commitments. Amounts which we are liable for under purchase orders outstanding at Dec. 31, 2015, are reflected in the Consolidated Balance Sheets as accounts payable and accrued liabilities and are excluded from the table above.

(5) Programming contracts include television station commitments to purchase programming to be produced in future years. This also includes amounts related to our network affiliation agreements.

(6) Other noncurrent liabilities consist of both unfunded and under-funded postretirement benefit plans. Unfunded plans include the TEGNA Supplemental Executive Retirement Plan and the TEGNA Retiree Welfare Plan. Employer contributions, which equal the expected benefit payments, are reflected in the table above over the next ten-year period. Our under-funded plans include the TEGNA Retirement Plan and the G.B. Dealey Retirement Plan (merged into the TEGNA Retirement Plan effective Dec. 31, 2015). We do not anticipate any contributions to the TEGNA Retirement Plan in 2016. Contributions beyond the next fiscal year are excluded due to uncertainties regarding significant assumptions involved in estimating these contributions, such as interest rate levels as well as

the amount and timing of invested asset returns.

Due to uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at Dec. 31, 2015, we are unable to make reasonably reliable estimates of the period of cash settlement. Therefore, approximately $20 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 5 to the Consolidated Financial Statements for a further discussion of income taxes.

Capital stock

In June 2015, our Board of Directors approved a $750 million share repurchase program to be completed over a three-year period beginning June 29, 2015. On Oct. 20, 2015, our Board of Directors approved a $75 million increase to the share repurchase program, bringing the total authorized amount to $825 million.

Stock repurchases	Repurchases made in fiscal year		
In millions	2015	2014	2013
Number of shares purchased	9.6	2.7	4.9
Dollar amount purchased	$271	$76	$117

The shares may be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on price and other corporate developments. Purchases may occur from time to time and no maximum purchase price has been set. Certain of the shares we previously acquired have been reissued in settlement of employee stock awards.

Our common stock outstanding at Dec. 31, 2015, totaled 219,754,180 shares, compared with 226,739,091 shares at Dec. 28, 2014.

Effects of inflation and changing prices and other matters

Our results of operations and financial condition have not been significantly affected by inflation. The effects of inflation and changing prices on our property and equipment and related depreciation expense have been reduced as a result of an ongoing capital expenditure program and the availability of replacement assets with improved technology and efficiency.

We are minimally exposed to foreign exchange rate risk primarily due to our majority ownership of CareerBuilder which uses several currencies but primarily the British pound and Euro as its functional currencies, which are then translated into U.S. dollars. Our foreign currency translation adjustment, related principally to CareerBuilder and reported as part of shareholders' equity, totaled $20 million at Dec. 31, 2015.

Critical accounting policies and the use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. We believe the following discussion addresses our most critical accounting policies, which are those that are important to the presentation of our financial condition and results of operations and require management’s most subjective and complex judgments. This commentary should be read in conjunction with our financial statements, selected financial data and the remainder of this Form 10-K.
Revenue Recognition: We generate revenue from a diverse set of product and service offerings which include advertising, retransmission consent fees, and software and recruitment services. Revenue is recognized when persuasive evidence of an arrangement exists, performance under the contract has begun, the contract price is fixed or determinable and collectability of the related fee is reasonably assured. Revenue from sales agreements that contain multiple deliverable elements is allocated to each element based on the relative best estimate of selling price. Elements are treated as separate units of accounting if there is standalone value upon delivery. Amounts received from customers in advance of revenue recognition are deferred as liabilities. Below is a detail discussion of revenue by our two reportable segments.
Media Segment: The primary source of revenue for our Media Segment is through the sale of advertising time on its television stations. Advertising revenues are recognized, net of agency commissions, in the period when the advertisements are aired. Our Media Segment also earns revenue from retransmission consent arrangements. Under these agreements, we receive cash consideration from multichannel video programming distributors (e.g., cable and satellite providers) in return for our consent to permit the cable/satellite operator to retransmit our television signal. Retransmission consent fees are recognized over the contract period based on a negotiated fee per subscriber. Retransmission consent fees revenues have increased as a percentage of overall Media Segment revenue in recent years. In 2015, such revenues accounted for approximately 27% of overall Media Segment revenue compared to 18% in 2013. In addition, our Media Segment also generates online advertising revenue through the display of digital advertisements across its various digital platforms. Online advertising agreements typically take the form of an impression-based contract, fixed fee time-based contract or transaction based contract. The customers are billed for impressions delivered or click-throughs on their advertisements. An impression is the display of an advertisement to an end-user on the website and is a measure of volume. A click-through occurs when an end-user clicks on an impression. Revenue is recognized evenly over the contract term for fixed fee contracts where a minimum number of impressions or click-throughs is not guaranteed. Revenue is recognized as the service is delivered for transaction based contracts.

Digital Segment: The primary source of revenue for our Digital Segment is through the sale of online subscription advertising products. Cars.com sells subscription advertising products targeting car dealerships and national advertisers, and CareerBuilder earns revenue through placement of job postings on its network of websites. Revenue is recognized for our Digital Segment’s online advertising arrangements in the same manner as described above for Media Segments online advertising revenue.
CareerBuilder service offerings include human capital Software-as-a-Service (SaaS) and various other recruitment solutions (employment branding services and access to online resume databases). Generally, the human capital SaaS offering and access related to resume databases are subscription-based contracts for which revenue is recognized ratably over the subscription period. SaaS contracts are generally two to three year contracts. Recruitment solutions (which include sourcing and screening services) are more transactional based contracts, and therefore, revenue is recognized as delivery occurs.
In addition, through our G/O Digital business unit, we also provide digital marketing services and revenue is recognized for these offerings as advertising and services are delivered.
Goodwill: As of Dec. 31, 2015, our goodwill balance was $3.9 billion and represented approximately 46% of our total assets. Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including identifiable intangible assets, net of liabilities assumed. Goodwill is tested for impairment on an annual basis (first day of our fourth quarter) or between annual tests if events or changes in circumstances occurred that indicate the fair value of a

reporting unit below its carrying amount.
Our goodwill has been allocated to and is tested for impairment at a level referred to as the reporting unit. The level at which we test goodwill for impairment requires us to determine whether the operations below the business segment level constitute a business for which discrete financial information is available and segment management regularly reviews the operating results. For Media, goodwill is accounted for at the segment level. For Digital, the reporting units are the stand-alone digital businesses such as Cars.com, CareerBuilder, ShopLocal and PointRoll. The following table shows the aggregate goodwill for these units summarized at the segment level:

In millions of dollars

Segment	Goodwill Balance
Media	$2,579
Digital	$1,340

Before performing the annual two-step goodwill impairment test, we first have the option to perform a qualitative assessment to determine if the two-step quantitative test must be completed. The qualitative assessment considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors and overall financial performance, as well as company and specific reporting unit specifications. If after performing this assessment, we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we are required to perform a two-step quantitative test. Otherwise, the two-step test is not required. In 2015, we elected to not perform the optional qualitative assessment of goodwill; and instead, we performed the quantitative impairment test.

When performing the first step of the quantitative test, we determine the fair value of each reporting unit and compare it to the carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, we perform the second step of the impairment test, as this is an indication that the reporting unit goodwill may be impaired. In the second step of the impairment test, we determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and we must recognize an impairment loss for the difference between the carrying amount and the implied fair value of goodwill.

We estimate the fair value of each reporting unit using a combination of a market-based valuation methodology using comparable public company trading values, and income approach using the discounted cash flow (DCF) analysis. Determining fair value requires the exercise of significant judgments, including the amount and timing of expected future cash flows, long-term growth rates, discount rates and relevant comparable public company earnings multiples. The cash flows employed in the DCF analysis are based on our best estimate of future sales, earnings and cash flows after considering factors such as general market conditions and recent operating performance. The discount rates utilized in the DCF analysis are based on the respective reporting unit's weighted average cost of capital, which takes into account the relative weights of each component of capital structure (equity and debt) and represents the expected cost of new capital, adjusted as appropriate to consider the risk inherent in future cash flows of the respective reporting unit.

In the fourth quarter of 2015, we completed our annual goodwill impairment test for each of our reporting units. The results of these tests indicated that the estimated fair values of our reporting units exceed their carrying values, with the exception of our PointRoll reporting unit within our Digital Segment. After performing step 2 of the impairment test, we recorded a non-cash impairment charge of $8 million.

For the Media Segment, which is considered a single reporting unit, the estimated value would need to decline by over 50% to fail step one of the quantitative goodwill impairment test. The Digital Segment balance represents primarily Cars.com and CareerBuilder. For both of these reporting units, the estimated value would need to decline by more than 20% to fail step one of the quantitative goodwill impairment test.

Impairment assessment inherently involves management judgments regarding a number of assumptions described above. Fair value of the reporting units also depends on the future strength of the economy in our principal media and digital markets. New and developing competition as well as technological change could also adversely affect future fair value estimates. Due to the many variables inherent in the estimation of a reporting unit's fair value and the relative size of our recorded goodwill, differences in assumptions could have a material effect on the estimated fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

Indefinite Lived Intangibles: This asset grouping consists of FCC broadcast licenses related to our acquisitions of television stations, and trade names from the Cars.com and CareerBuilder acquisitions. As of Dec. 31, 2015 indefinite lived intangible assets were $2.1 billion and represented approximately 25% of our total assets.

Indefinite lived assets are not subject to amortization and, as a result, they are tested for impairment annually (on the first day of our fourth quarter), or more frequently if events or changes in circumstances suggest that the asset might be impaired. We have the option to first perform a qualitative assessment to determine if it is more likely than not that the fair value of the indefinite lived asset is more than its carrying amount. If that is the case, then we would not have to perform the quantitative analysis. The qualitative assessment considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors and overall financial performance of the indefinite lived asset. In 2015, we elected to not perform the optional qualitative assessment; and instead, we performed the quantitative impairment test.

The fair value for the FCC broadcast licenses were determined using an income approach referred to as the Greenfield method. This method requires multiple assumptions relating to the future prospects of each individual television station including, but not limited to: (i) expected long-term market growth characteristics, (ii) station revenue shares within a market for a new entrant, (iii) future expected operating expenses, (iv) costs of capital and (v) appropriate discount rates. We performed a quantitative analysis on all of our FCC licenses on the impairment testing date and concluded that no impairment existed.

We completed our acquisition of Belo in late 2013 and London Broadcasting in mid-2014 and as a result recorded FCC licenses for all stations acquired. As these FCC licenses were recorded at fair value on the date of acquisition, any future declines in the fair value of the FCC license could result in an impairment charge. Factors that could cause the fair value to decline would be negative changes in any of the assumptions described in the above Greenfield method. The discount rate used generally has a significant impact to the valuation. For our 2015 impairment testing date the discount rate had declined from when we completed our acquisition of Belo and London Broadcasting. Future increases in the discount rate assumptions could cause a decline in the fair value of our FCC licenses which may result in an impairment charge.

The estimates of fair value for the trade names are determined using the "relief from royalty" methodology, which is a variation of the income approach. Discount rate assumptions are based on an assessment of the risk inherent in the projected future cash flows generated by the intangible asset. Also subject to judgment are assumptions about royalty rates, which are based on the estimated rates at which similar trade names are being licensed in the marketplace. We completed our annual impairment testing of trade names and determined that no impairments existed based on the results of the impairment test. Although trade name assets are not currently impaired, changes in future market rates or decreases in future cash flows and growth rates could result in an impairment charge in a future period.

Other Long-Lived Assets (Property and Equipment and Amortizable Intangible Assets): Property and equipment are recorded at cost and depreciated on a straight-line method over the estimated useful lives of such assets. Changes in circumstances, such as technological advances or changes to our business model or capital strategy, could result in actual useful lives differing from our estimates. In cases where we determine the useful life of buildings and equipment should be shortened, we would, after evaluating for impairment, depreciate the asset over its revised remaining useful life thereby increasing depreciation expense.
If an indicator is present, we review our property and equipment assets for potential impairment at the asset group level (generally at the local business level) by comparing the carrying value of such assets with the expected undiscounted cash flows to be generated by those asset groups/local business units. Due to expected continued cash flow in excess of carrying value from its businesses, no property, plant or equipment assets were considered impaired.
Our amortizable intangible assets consist mainly of customer relationships, acquired technology and retransmission agreements. These asset values are amortized systematically over their estimated useful lives. An impairment test of these assets would be triggered if the undiscounted cash flows from the related asset group (business unit) were to be less than the asset carrying value.
We do not believe that any of our larger amortizable intangible assets (those with book values over $10 million) are at risk of requiring an impairment in the foreseeable future.
Income Taxes: Our annual tax rate is based on our income, statutory tax regulations and rates, and tax planning opportunities available in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax expense and in evaluating our tax positions.
Tax law requires certain items to be included in our tax returns at different times than when the items are reflected in the financial statements. The annual tax expense reflected in the Consolidated Statements of Income is different than that reported in our tax returns. Some of these differences are permanent, for example expenses recorded for accounting purposes that are not deductible in the returns such as non-deductible goodwill, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements. Valuation allowances are established when necessary to reduce deferred income tax assets to the amounts we believe are more likely than not to be recovered. In evaluating the amount of any such valuation allowance, we consider the existence of cumulative income or losses in recent years, the reversal of existing temporary differences, the existence of taxable income in prior carry back years, available tax planning strategies and estimates of future taxable income for each of our taxable jurisdictions. The latter two factors involve the exercise of significant judgment. As of Dec. 31, 2015, deferred tax asset valuation allowances totaled $184 million, primarily related to federal and state capital losses, and state net operating losses available for carry forward to future years.

Although realization is not assured, we believe it is more likely than not that all other deferred tax assets for which no valuation allowances have been established will be realized. This conclusion is based on our history of cumulative income in recent years and review of historical and projected future taxable income.
We determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in our financial statements. A tax position is measured as the portion of the tax benefit that is greater than 50% likely to be realized upon settlement with a taxing authority (that has full knowledge of all relevant information). We may be required to change our provision for income taxes when the ultimate treatment of certain items is challenged or agreed to by taxing authorities, when estimates used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the Consolidated Financial Statements in the year these changes occur.

The effect of a one percentage point change in the effective tax rate for 2015 would have resulted in a change of $6 million in the provision for income taxes and net income from continuing operations attributable to TEGNA Inc.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential gain/loss arising from changes in market rates and prices, such as interest rates, foreign currency exchange rates and changes in the market value of financial instruments. Our main exposure to market risk relates to interest rates. We have $986 million in floating interest rate obligations outstanding at Dec. 31, 2015, and therefore are subject to changes in the amount of interest expense we might incur. A 50 basis point increase or decrease in the average interest rate for these obligations would result in an increase or decrease in annual interest expense of $5 million. Refer to Note 6 to the Consolidated Financial Statements for information regarding the fair value of our long-term debt.

We believe that our market risk from financial instruments, such as accounts receivable, accounts payable and debt, is not material. We also have limited exposure to foreign exchange rate risk related to CareerBuilder's international operations, primarily in the Eurozone, for which the EURO is the functional currency. Translation gains or losses affecting the Consolidated Statements of Income have not been significant in the past. If the price of the EURO against the U.S. dollar had been 10% more or less than the actual price, operating income would have increased or decreased less than 1% in 2015.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

* All other schedules prescribed under Regulation S-X are omitted because they are not applicable or not required.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders of TEGNA Inc.:

We have audited the accompanying consolidated balance sheets of TEGNA Inc. as of December 31, 2015 and December 28, 2014, and the related consolidated statements of income, comprehensive income, cash flows, and equity for each of the three fiscal years in the period ended December 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TEGNA Inc. at December 31, 2015 and December 28, 2014, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TEGNA Inc.’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 29, 2016, included in Item 9A, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
February 29, 2016

TEGNA
INC.