TEGNA INC
Form 10-Q
August 07, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-6961

TEGNA INC.
(Exact name of registrant as specified in its charter)

Delaware	16-0442930
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7950 Jones Branch Drive, McLean, Virginia	22107-0150
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (703) 873-6600.
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 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

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

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

The total number of shares of the registrant’s Common Stock, $1 par value outstanding as of June 30, 2017 was 215,115,749.

INDEX TO TEGNA INC.
June 30, 2017 FORM 10-Q

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

TEGNA Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands of dollars

	June 30, 2017 (Unaudited)	Dec. 31, 2016 (Recast)
ASSETS		
Current assets		
Cash and cash equivalents	$65,669	$15,879
Accounts receivable, net of allowances of $3,352 and $3,404, respectively	382,011	386,074
Other receivables	14,150	20,685
Prepaid expenses and other current assets	54,726	62,090
Current discontinued operations assets	749,725	305,960
Total current assets	1,266,281	790,688
Property and equipment		
Cost	807,810	805,349
Less accumulated depreciation	(447,503)	(430,028)
Net property and equipment	360,307	375,321
Intangible and other assets		
Goodwill	2,579,417	2,579,417
Indefinite-lived and amortizable intangible assets, less accumulated amortization	1,284,062	1,294,839
Investments and other assets	157,665	180,616
Noncurrent discontinued operations assets	—	3,321,844
Total intangible and other assets	4,021,144	7,376,716
Total assets	$5,647,732	$8,542,725

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

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

	June 30, 2017 (Unaudited)	Dec. 31, 2016 (Recast)
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$55,308	$99,568
Accrued liabilities	198,842	200,417
Dividends payable	15,161	30,178
Income taxes	19,028	11,448
Current portion of long-term debt	646	646
Current discontinued operations liabilities	219,343	276,924
Total current liabilities	508,328	619,181
Noncurrent liabilities		
Income taxes	19,984	22,644
Deferred income taxes	601,429	648,920
Long-term debt	3,345,986	4,042,749
Pension liabilities	180,532	187,290
Other noncurrent liabilities	65,792	75,438
Noncurrent discontinued operations liabilities	—	347,233
Total noncurrent liabilities	4,213,723	5,324,274
Total liabilities	4,722,051	5,943,455
Redeemable noncontrolling interests related to discontinued operations	51,503	46,265
Equity		
TEGNA Inc. shareholders' equity		
Common stock of $1 par value per share, 800,000,000 shares authorized, 324,418,632 shares issued	324,419	324,419
Additional paid-in capital	395,812	473,742
Retained earnings	5,750,260	7,384,556
Accumulated other comprehensive loss	(145,876)	(161,573)
Less treasury stock at cost, 109,302,883 shares and 109,930,832 shares, respectively	(5,675,530)	(5,749,726)
Total TEGNA Inc. shareholders' equity	649,085	2,271,418
Noncontrolling interests related to discontinued operations	225,093	281,587
Total equity	874,178	2,553,005
Total liabilities, redeemable noncontrolling interests and equity	$5,647,732	$8,542,725

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

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

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016 (recast)	2017	2016 (recast)
Revenues	$489,369	$476,978	$948,439	$937,616
Operating expenses:				
Cost of revenues, exclusive of depreciation	229,683	196,935	461,091	389,563
Business units - Selling, general and administrative expenses, exclusive of depreciation	75,302	81,975	143,731	163,241
Corporate - General and administrative expenses, exclusive of depreciation	14,248	14,351	29,581	27,838
Depreciation	13,318	14,478	26,535	29,441
Amortization of intangible assets	5,388	5,775	10,777	11,767
Asset impairment and facility consolidation charges	1,350	3,728	3,533	3,728
Total	339,289	317,242	675,248	625,578
Operating income	150,080	159,736	273,191	312,038
Non-operating expense:				
Equity loss in unconsolidated investments, net	(946)	(4,996)	(2,415)	(1,565)
Interest expense	(54,843)	(56,143)	(110,258)	(117,843)
Other non-operating items	(21,108)	(4,562)	(23,182)	(4,155)
Total	(76,897)	(65,701)	(135,855)	(123,563)
Income before income taxes	73,183	94,035	137,336	188,475
Provision for income taxes	23,913	27,037	43,408	53,597
Net Income from continuing operations	49,270	66,998	93,928	134,878
(Loss) income from discontinued operations, net of tax	(241,699)	47,387	(222,458)	75,443
Net (loss) income	(192,429)	114,385	(128,530)	210,321
Net loss (income) attributable to noncontrolling interests from discontinued operations	62,077	(14,934)	55,892	(25,426)
Net (loss) income attributable to TEGNA Inc.	$(130,352)	$99,451	$(72,638)	$184,895
Earnings from continuing operations per share - basic	$0.23	$0.31	$0.44	$0.62
(Loss) earnings from discontinued operations per share - basic	(0.83)	0.15	(0.77)	0.23
Net (loss) income per share – basic	$(0.60)	$0.46	$(0.33)	$0.85
Earnings from continuing operations per share - diluted	$0.23	$0.30	$0.43	$0.61
(Loss) earnings from discontinued operations per share - diluted	(0.83)	0.15	(0.77)	0.23
Net (loss) income per share – diluted	$(0.60)	$0.45	$(0.34)	$0.84
Weighted average number of common shares outstanding:				
Basic shares	215,501	216,518	215,404	217,902
Diluted shares	217,812	220,204	217,691	221,729

Dividends declared per share	$0.07	$0.14	$0.21	$0.28

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

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

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net (loss) income	$(192,429)	$114,385	$(128,530)	$210,321
Redeemable noncontrolling interests (earnings not available to shareholders)	(1,017)	(1,350)	(2,832)	(2,275)
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	7,099	(7,162)	9,362	(5,961)
Recognition of previously deferred post-retirement benefit plan costs	2,327	2,422	4,402	4,322
Unrealized gains (losses) on available for sale investment during the period	4,069	(2,292)	1,776	(4,275)
Other comprehensive income (loss), before tax	13,495	(7,032)	15,540	(5,914)
Income tax effect related to components of other comprehensive income	(896)	(942)	(1,693)	(1,680)
Other comprehensive income (loss), net of tax	12,599	(7,974)	13,847	(7,594)
Comprehensive (loss) income	(180,847)	105,061	(117,515)	200,452
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	59,750	(10,211)	54,315	(20,343)
Comprehensive (loss) income attributable to TEGNA Inc.	$(121,097)	$94,850	$(63,200)	$180,109

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

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

	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows from operating activities:		
Net (loss) income	$(128,530)	$210,321
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	97,181	101,402
Stock-based compensation	10,160	9,055
Loss on write down of CareerBuilder	344,772	—
Other losses on sales of assets and impairment charges	11,506	8,863
Equity loss in unconsolidated investments, net	2,354	2,981
Pension expense, net of contributions	(1,843)	1,093
Change in other assets and liabilities, net	(96,295)	(104,471)
Net cash flow from operating activities	239,305	229,244
Cash flows from investing activities:		
Purchase of property and equipment	(49,703)	(40,050)
Payments for acquisitions of businesses, net of cash acquired	—	(53,552)
Payments for investments	(1,363)	(15,997)
Proceeds from investments	502	4,617
Proceeds from sale of assets	5,556	—
Net cash flow used for investing activities	(45,008)	(104,982)
Cash flows from financing activities:		
(Payments) proceeds of borrowings under revolving credit facilities, net	(635,000)	310,000
Proceeds from Cars.com borrowings	675,000	—
Debt repayments	(66,124)	(229,552)
Payments of Cars.com debt issuance costs	(6,208)	—
Dividends paid	(60,073)	(61,462)
Repurchases of common stock	(8,453)	(150,917)
Cash transferred to the Cars.com business	(20,133)	—
Other, net	(5,795)	(19,378)
Net cash flow used for financing activities	(126,786)	(151,309)
Increase (decrease) in cash and cash equivalents	67,511	(27,047)
Cash and cash equivalents from continuing operations, beginning of period	15,879	26,096
Cash and cash equivalents from discontinued operations, beginning of period	61,041	103,104
Balance of cash and cash equivalents, beginning of period	76,920	129,200
Cash and cash equivalents from continuing operations, end of period	65,669	15,016
Cash and cash equivalents from discontinued operations, end of period	78,762	87,137
Balance of cash and cash equivalents, end of period	$144,431	$102,153
Supplemental cash flow information:		
Cash paid for income taxes, net of refunds	$64,999	$104,646
Cash paid for interest	$104,834	$116,247

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

TEGNA Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NOTE 1 – Basis of presentation

Basis of presentation: Our accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting, the instructions for Form 10-Q and Article 10 of the U.S. Securities and Exchange Commission (SEC) Regulation S-X. Accordingly, they do not include all information and footnotes which are normally included in the Form 10-K and annual report to shareholders. In our opinion, the condensed consolidated financial statements reflect all adjustments of a normal recurring nature necessary for a fair presentation of results for the interim periods presented. The condensed consolidated financial statements should be read in conjunction with our (or “TEGNA’s”) audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates include, but are not limited to, evaluation of goodwill and other intangible assets for impairment, fair value measurements, post-retirement benefit plans, income taxes including deferred taxes, and contingencies. The condensed consolidated financial statements include the accounts of subsidiaries we control and variable interest entities (VIEs) if we are the primary beneficiary. We eliminate all intercompany balances, transactions, and profits in consolidation. Investments in entities over which we have significant influence, but do not have control, are accounted for under the equity method. Our share of net earnings and losses from these ventures is included in “Equity (loss) income in unconsolidated investments, net” in the Consolidated Statements of Income. In addition, certain reclassifications have been made to prior years’ consolidated Statements of Income to conform to the current year’s presentation.

On May 31, 2017, we completed the spin-off of our digital automotive marketplace business, Cars.com. The financial position and results of operations of Cars.com are reflected as discontinued operations for all periods presented through the date of the spin-off. In addition, on June 17, 2017, we entered into a definitive agreement to sell a majority of our ownership stake in our CareerBuilder business. As a result, we have determined that CareerBuilder meets the criteria to be classified as held for sale and presented as discontinued operations for all periods presented. As such, CareerBuilder assets and liabilities have been reclassified to discontinued operations, as have its results from operations. Our Digital Marketing Services business is now reported within our Media business.

As a result of these strategic actions, we have disposed of, or committed to dispose of, substantially all of our Digital Segment business and have therefore classified its historical financial results as discontinued operations. The financial statements and footnotes have been revised accordingly to reflect these strategic actions and their impact on our condensed consolidated financial statements. See Note 12, “Discontinued Operations”, for further details regarding the spin-off of Cars.com and the sale of CareerBuilder and the impact of each transaction on our condensed consolidated financial statements.

Accounting guidance adopted in 2017: In March 2017, the Financial Accounting Standards Board (FASB) issued new guidance that changes the presentation of net periodic pension and other post-retirement benefit costs (post-retirement benefit costs) in the Consolidated Statements of Income. Under this new guidance, the service cost component of the post-retirement benefit expense will continue to be presented as an operating expense while all other components of post-retirement benefit expense will be presented as non-operating expense. Previously, all components of post-retirement benefit expense were presented as operating expense in the Consolidated Statements of Income. The FASB permitted early adoption of this guidance, and we elected to early adopt in the first quarter of 2017. We believe the new guidance provides enhanced financial reporting by limiting operating expense classification to the service cost component of post-retirement benefit expense. Service cost is the component of the expense that relates to services provided by employees in the current period and thus better reflects the current continuing operating costs. Changes to the classification of Consolidated Statements of Income amounts resulting from the new guidance were made on a retrospective basis, wherein each period presented was adjusted to reflect the effects of applying the new guidance. We utilized amounts previously disclosed in our retirement plan footnote to retrospectively apply the guidance. As a result of adopting this guidance, operating expenses in the second quarter and for the first six months of 2017 were lower by $1.9 million and $3.3 million, respectively, while non-operating expenses were higher by the same amounts. In 2016, operating expenses in the second quarter and first six months were reduced by $2.6 million and $4.0 million, respectively, with corresponding increases in non-operating expenses as a result of adopting this new guidance. Net income, earnings per share, and retained earnings were not impacted by the new guidance.

In January 2017, the FASB issued guidance that eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of today's goodwill impairment test) to measure a goodwill impairment charge. Instead, companies will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on Step 1 of the impairment test). The FASB permitted early adoption of this guidance, and we elected to early adopt in the second quarter of 2017 in connection with the calculation of CareerBuilder's goodwill impairment charge, discussed in Note 12.

New accounting pronouncements not yet adopted: In May 2014, the FASB issued new guidance related to revenue recognition. Under the new guidance, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We will adopt the guidance beginning January 1, 2018. The two permitted transition methods are the full retrospective method, in which case the guidance would be applied to each prior reporting period presented and the cumulative effect of applying the guidance would be recognized at the earliest period shown; and the modified retrospective method, in which case the cumulative effect of applying the guidance would be recognized at the date of initial application. We will adopt the guidance using the modified retrospective method.

While we continue to evaluate the full impact of the guidance, we do not believe that it will have a material impact on our consolidated financial statements. We are in the process of evaluating the other requirements of the new standard, which may result in additional revenue related disclosures.

Based on our evaluation performed to date, we believe that 90% of our revenues will not be materially impacted by the new guidance. Specifically, our television spot advertising contracts, which comprised approximately 60% of 2016 revenue are short-term in nature with transaction price consideration agreed upon in advance. We expect revenue will continue to be recognized when commercials are aired. Further, we expect that revenue earned under retransmission agreements will be recognized under the licensing of intellectual property guidance in the standard, which will not have a material change to our current revenue recognition. Subscription revenue comprised approximately 30% of 2016 revenue. We continue to evaluate the impact to our online digital and other services revenue.

In January 2016, the FASB issued new guidance that amended several elements surrounding the recognition and measurement of financial instruments. Most notably for our company, the new guidance requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation) to be measured at fair value with changes in fair value recognized in net income. Under current GAAP, changes in fair value for our available for sale equity investment are recorded as unrealized gains or losses through other comprehensive income until such investment is sold or deemed impaired. The new guidance is effective for public companies beginning in the first quarter of 2019 and will be adopted using a cumulative-effect adjustment. Early adoption is permitted. We do not believe this standard will have a material impact on our financial statements. Previously we had recorded approximately $4.0 million in unrealized losses on our available for sale investment in the Consolidated Statements of Comprehensive Income as of March 31, 2017. During the second quarter of 2017 we determined that the available for sale investment was other than temporarily impaired, and recognized an inception to date loss on the investment in the Consolidated Statement of Income. Losses of this nature will be recorded within the Consolidated Statements of Income in the quarter in which they occur upon adoption of the guidance in the first quarter of 2019.

In February 2016, the FASB issued new guidance related to leases which will require lessees to recognize assets and liabilities on the balance sheet for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new guidance will require both types of leases to be recognized on the balance sheet. The new guidance is effective for us beginning in the first quarter of 2019 and will be adopted using a modified retrospective approach. We are currently evaluating the effect it is expected to have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued new guidance related to the measurement of credit losses on financial instruments. The new guidance changes the way credit losses on accounts receivable are estimated. Under current GAAP, credit losses on accounts receivable are recognized once it is probable that such losses will occur. Under the new guidance, we will be required to estimate credit losses based on the expected amount of future collections which may result in earlier recognition of allowance for doubtful accounts. The new guidance is effective for public companies beginning in the first quarter of 2020 and will be adopted using a modified retrospective approach. We are currently evaluating the effect this new guidance will have on our consolidated financial statements and related disclosures.

NOTE 2 – Goodwill and other intangible assets

The following table displays goodwill, indefinite-lived intangible assets, and amortizable intangible assets as of June 30, 2017 and December 31, 2016 (in thousands):

	June 30, 2017		Dec. 31, 2016	
	Gross	Accumulated Amortization	Gross (recast)	Accumulated Amortization (recast)
Goodwill	$2,579,417	$ —	$2,579,417	$ —
Indefinite-lived intangibles:				
Television station FCC licenses	1,191,950	—	1,191,950	—
Amortizable intangible assets:				
Retransmission agreements	110,191	(54,817)	110,191	(47,280)
Network affiliation agreements	43,485	(16,908)	43,485	(14,445)
Other	15,763	(5,602)	15,763	(4,825)
Total indefinite-live and amortizable intangible assets	$1,361,389	$ (77,327)	$1,361,389	$ (66,550)

Our retransmission agreements and network affiliation agreements are amortized on a straight-line basis over their estimated useful lives. Other intangibles primarily include customer relationships which are amortized on a straight-line basis over their useful lives. During the second quarter of 2017, we recorded a goodwill impairment charge within discontinued operations related to our CareerBuilder reporting unit as a result of our plan to sell our majority of our ownership interest. See Note 12 for further discussion.

NOTE 3 – Investments and other assets

Our investments and other assets consisted of the following as of June 30, 2017, and December 31, 2016 (in thousands):

	June 30, 2017	Dec. 31, 2016 (recast)
Cash value life insurance	$63,701	$64,134
Deferred compensation investments	28,667	23,715
Equity method investments	15,831	18,016
Available for sale investment	—	16,744
Deferred debt issuance cost	7,968	9,856
Other long term assets	41,498	48,151
Total	$157,665	$180,616

Deferred compensation investments: Employee compensation-related investments consist of debt and equity securities which are classified as trading securities and fund our deferred compensation plan liabilities.

Equity method investments: Investments over which we have the ability to exercise significant influence but do not control, are accounted for under the equity method of accounting. Significant influence typically exists when we own between 20% and 50% of the voting interests in a corporation, own more than a minimal investment in a limited liability company, or hold substantial management rights in the investee. Under this method of accounting, our share of the net earnings or losses of the investee is included in non-operating income on our Consolidated Statements of Income. We evaluate our equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. Certain differences exist between our investment carrying value and the underlying equity of the investee companies, principally due to fair value measurement at the date of investment acquisition and due to impairment charges we recorded for certain investments.

Available for sale investment: Our investment in Gannett Co., Inc., common stock, previously classified as a noncurrent asset, was reclassified to a current asset in the second quarter of 2017 due to our intent to sell the investment by the end of 2017.

Other long term assets: During the quarter and six months ended June 30, 2017, we recognized a $5.8 million loss associated with a write-off of a note receivable from one of our equity method investments. This loss is reflected in Other non-operating items, in the accompanying Consolidated Statements of Income. The loss was a result of a decision made during the second quarter by the investee's board of directors to discontinue the business, and the investee not having sufficient funds to repay the full note at that time.

Cost method investments: The carrying value of cost method investments was $15.1 million of June 30, 2017 and $14.8 million as of December 31, 2016, and is included within other long term assets in the table above.

NOTE 4 – Income taxes

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was approximately $9.9 million as of June 30, 2017, and $10.8 million as of December 31, 2016. The amount of accrued interest and penalties payable related to unrecognized tax benefits was $1.1 million as of June 30, 2017, and $1.5 million as of December 31, 2016.

It is reasonably possible that the amount of unrecognized benefits with respect to certain of our unrecognized tax positions will increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits, lapses of statutes of limitations or other regulatory developments. At this time, we estimate the amount of gross unrecognized tax positions may be reduced by up to approximately $0.7 million within the next 12 months primarily due to lapses of statutes of limitations and settlement of ongoing audits in various jurisdictions.

NOTE 5 – Long-term debt

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

	June 30, 2017	Dec. 31, 2016
Unsecured floating rate term loan due quarterly through August 2018	$36,300	$52,100
VIE unsecured floating rate term loans due quarterly through December 2018	969	1,292
Unsecured floating rate term loan due quarterly through June 2020	120,000	140,000
Unsecured floating rate term loan due quarterly through September 2020	255,000	285,000
Borrowings under revolving credit agreement expiring June 2020	—	635,000
Unsecured notes bearing fixed rate interest at 5.125% due October 2019	600,000	600,000
Unsecured notes bearing fixed rate interest at 5.125% due July 2020	600,000	600,000
Unsecured notes bearing fixed rate interest at 4.875% due September 2021	350,000	350,000
Unsecured notes bearing fixed rate interest at 6.375% due October 2023	650,000	650,000
Unsecured notes bearing fixed rate interest at 5.50% due September 2024	325,000	325,000
Unsecured notes bearing fixed rate interest at 7.75% due June 2027	200,000	200,000
Unsecured notes bearing fixed rate interest at 7.25% due September 2027	240,000	240,000
Total principal long-term debt	3,377,269	4,078,392
Debt issuance costs	(24,873)	(27,615)
Other (fair market value adjustments and discounts)	(5,764)	(7,382)
Total long-term debt	3,346,632	4,043,395
Less current portion of long-term debt maturities of VIE loans	646	646
Long-term debt, net of current portion	$3,345,986	$4,042,749

In connection with and prior to the completion of the spin-off, Cars.com borrowed an aggregate principal amount of approximately $675 million under a revolving credit facility agreement. The proceeds were used to make a tax-free distribution of $650 million from Cars.com to TEGNA. TEGNA used $609.9 million of the tax-free distribution proceeds to fully pay down our outstanding revolving credit agreement borrowings plus accrued interest. As of June 30, 2017, we had an unused borrowing capacity of $1.5 billion under our revolving credit facility. The approximately $40 million of remaining proceeds of the tax-free distribution from Cars.com will be used to pay down historical debt outstanding. In addition, we intend to use the proceeds from the sale of our majority interest in CareerBuilder to pay down existing debt and for other general corporate purposes (see Note 12).

On August 1, 2017, we amended our Amended and Restated Competitive Advance and Revolving Credit Agreement. Under the amended terms, our maximum total leverage ratio will remain at 5.0x through June 30, 2018, after which, as amended, it will be reduced to 4.75x through June 2019 and then to 4.5x until the termination of the credit agreement on June 29, 2020.

NOTE 6 – Retirement plans

Our principal defined benefit pension plan is the TEGNA Retirement Plan (TRP). The disclosure table below includes the pension expenses of the TRP and the TEGNA Supplemental Retirement Plan (SERP). The total net pension obligations, both current and non-current liabilities, as of June 30, 2017, were $211.5 million ($31.0 million is recorded as a current obligation within accrued liabilities on the Condensed Consolidated Balance Sheet).

Our pension costs, which include costs for the qualified TRP plan and the nonqualified SERP plan, are presented in the following table (in thousands):

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Service cost-benefits earned during the period	$311	$158	$436	$408
Interest cost on benefit obligation	6,056	6,837	11,981	13,187
Expected return on plan assets	(6,511)	(6,632)	(13,161)	(13,382)
Amortization of prior service cost	167	190	317	340
Amortization of actuarial loss	2,187	2,194	4,162	3,894
Expense for company-sponsored retirement plans	$2,210	$2,747	$3,735	$4,447

The service cost component of our pension expense is recorded within the operating expense line items Cost of revenue, Business units - Selling, general and administrative, and Corporate - General, and administrative within the Consolidated Statements of Income. All other components of the pension expense are included within the Other non-operating items line item of the Consolidated Statements of Income.

In April 2017, we made a $1.7 million contribution to the TRP, and plan to make additional contributions of $20.6 million to the TRP during the remainder of 2017. During the six months ended June 30, 2017 and 2016, we made benefit payments to participants of the SERP of $3.8 million and $3.3 million, respectively.

NOTE 7 – Supplemental equity information

The following table summarizes equity account activity for the six months ended June 30, 2017 and 2016 (in thousands):

	TEGNA Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at Dec. 31, 2016	$2,271,418	$ 281,587	$2,553,005
Comprehensive income:			
Net loss	(72,638)	(55,892)	(128,530)
Redeemable noncontrolling interests (income not available to shareholders)	—	(2,832)	(2,832)
Other comprehensive income	9,438	4,409	13,847
Total comprehensive loss	(63,200)	(54,315)	(117,515)
Dividends declared	(45,055)	—	(45,055)
Stock-based compensation	10,160	—	10,160
Treasury shares acquired	(8,453)	—	(8,453)
Spin-off of businesses	(1,510,342)	—	(1,510,342)
Other activity, including shares withheld for employee taxes	(5,443)	(2,179)	(7,622)
Balance at June 30, 2017	$649,085	$ 225,093	$874,178
Balance at Dec. 31, 2015	$2,191,971	$ 264,773	$2,456,744
Comprehensive income:			
Net income	184,895	25,426	210,321
Redeemable noncontrolling interests (income not available to shareholders)	—	(2,275)	(2,275)
Other comprehensive income (loss)	(4,786)	(2,808)	(7,594)
Total comprehensive income	180,109	20,343	200,452
Dividends declared	(60,747)	—	(60,747)
Stock-based compensation	9,055	—	9,055
Treasury shares acquired	(150,917)	—	(150,917)
Other activity, including shares withheld for employee taxes and tax windfall benefits	(18,479)	(1,922)	(20,401)
Balance at June 30, 2016	$2,150,992	$ 283,194	$2,434,186

CareerBuilder owns majority interests in Textkernel, a software company that provides semantic recruitment technology; Economic Modeling Specialists Intl., a software firm that specializes in employment data and labor market analytics; and Workterra, a cloud-based Human Capital Management platform. The minority shareholders of these acquired businesses hold put rights that permit them to put their equity interests to CareerBuilder. Since redemption of the noncontrolling interests is outside of our control, the minority shareholders' equity interest are presented on the Condensed Consolidated Balance Sheets in the caption "Redeemable noncontrolling interests related to discontinued operations."

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