December 10, 2018

Scott Forbes, Chairman
Alex Vetter, Chief Executive Officer
Cars.com Inc.
300 S. Riverside Plaza
Chicago, Illinois 60606

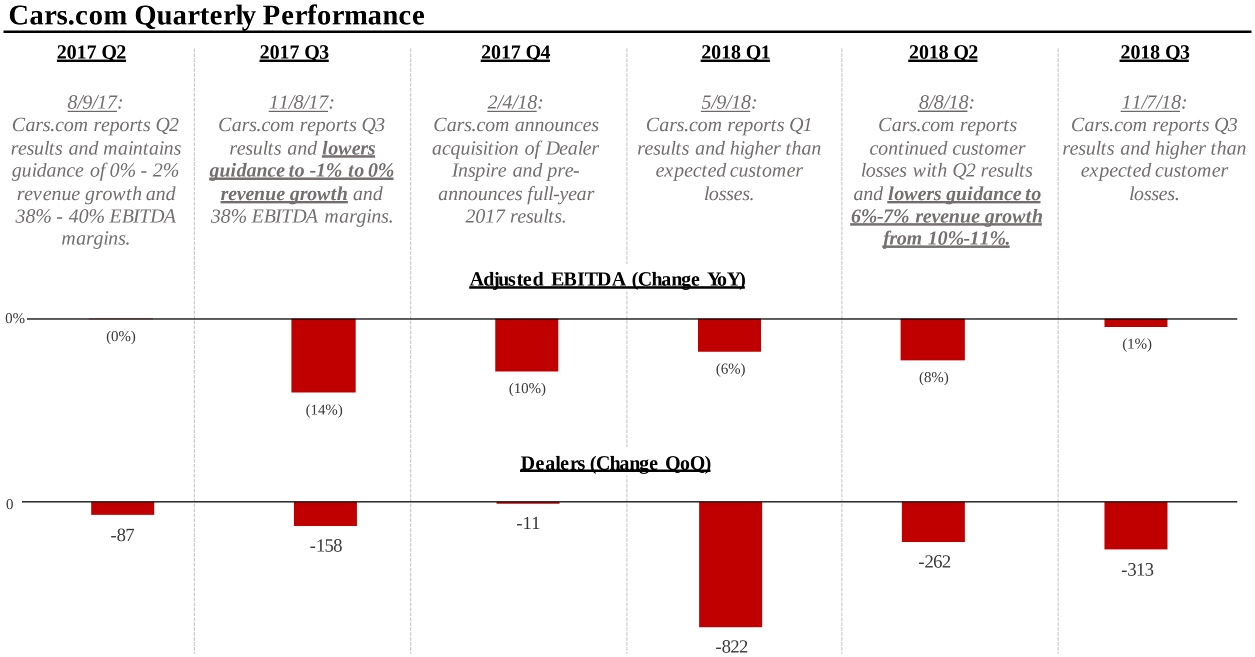
cc: Board of Directors

Dear Scott and Alex,

As you know, Starboard Value LP, together with its affiliates ("Starboard"), currently owns slightly less than 10.0% of the shares outstanding of Cars.com, Inc. ("Cars.com" or the "Company"), making us one of the Company's largest shareholders.

While we appreciate the constructive dialogue that we have had with you over the past year, our shared passion for improvement at Cars.com has unfortunately not yet resulted in better financial performance. As exhibited in the chart below, Cars.com has experienced an almost two-year continuing trend of customer losses and organic declines in revenue, despite increasing operating expenses, resulting in a pattern of missed expectations and lowered guidance.

Cars.com Quarterly Performance



We still strongly believe that Cars.com has an incredibly valuable business model with a substantial opportunity for operational improvement. Cars.com is an industry-leading platform that operates in a growing market with the benefit of multiple company-specific and industry-specific tailwinds. Cars.com also enjoys the benefit of over 20 years of investments in its brand name and products. Despite these facts, the Company has struggled to realize the benefits of these tailwinds. Cars.com currently trades at a deep discount to all of its publicly-traded competitors and most digital media companies. We believe there is a long list of opportunities to improve performance and create value for shareholders including a variety of different initiatives to fuel revenue growth, reduce operating expenses, and improve capital allocation. We have outlined all of these opportunities in detail in numerous meetings, calls, and private letters sent to the Board of Directors ("Board") over the past year. Unfortunately, we have yet to see improvement in the Company's financial performance.

This brings us to the purpose of this letter. According to the terms of our settlement agreement, the Company is required to announce targeted ranges for revenue and adjusted EBITDA margins for fiscal years 2019, 2020, and 2021 (the "Targets") on or prior to February 28, 2019 (the "Target Date"). We believe that both the actual Targets and the process for setting these Targets are critical. We believe, based on our substantial experience in the boardrooms of companies in need of a turnaround similar to Cars.com, that setting these Targets is a challenging task. We therefore felt it important to provide insight in time for you to consider prior to setting these important Targets.

First, we need to recognize the growing dichotomy between results that the Company and shareholders deserve and the desire of management and the Board to continue to lower expectations to an unacceptable level so that management, even with suboptimal execution, may be able to break the pattern of missing targets. We believe you must resist the urge to accept mediocrity. The Company, the employees, and the shareholders deserve excellence and deserve goals that reflect the substantial opportunity for improvement. Should you find yourself caught in this dilemma, we would suggest fixing the execution problem at the source rather than accepting, as an agent of shareholders, unacceptable financial targets.

Second, it is important that you not only outline Targets that are both acceptable and achievable, but also demonstrate to investors <u>how</u> you are going to meet these Targets and <u>why</u> expected execution in 2019, 2020, and 2021 will be different than the past two years. Obviously the Company needs to rebuild credibility by actually meeting the Targets, but this should not be achieved by "lowering the bar" to a level that is unacceptable to shareholders. Instead, we, as shareholders, need to understand specifically how you are going to operate more effectively to drive financial performance toward acceptable levels.

Third, in order to provide you some guidance as to what we deem to be acceptable, we felt it would be beneficial to give you some of our thoughts to compare to your internal analysis before you potentially settle on something unacceptable. We believe that the true earnings power of the Company is substantially higher than the current 2018 results. Cars.com should be able to generate substantially higher EBITDA and free cash flow regardless of whether or not the Company is able to successfully and quickly return to growth. Good management teams operating similar businesses are able to titrate their operating budget to actively manage through different periods to provide acceptable cash flow generation. There is a relatively wide range of outcomes in terms of revenue growth over the next two years, but we firmly believe that if the business is properly managed over this period, you should easily be able to achieve approximately $4.00 per share of Adjusted Free Cash Flow(1) by the end of 2020.

Summary

Cars.com is approaching an inflection point. Either the Company returns to an organic growth trajectory very soon, or we would expect substantial changes to ensue. The fourth quarter results and financial targets that will be reported in February represent a crucial milestone for the Company. We will be looking for clear signs of improvement as well as reason why we should feel more confident in the achievement of acceptable results.

As the Board begins the process of reviewing and approving financial targets for the next three years, we believe that poor execution in recent years is not an adequate reason to lower the bar and issue overly conservative long-term guidance. If you believe that the Company's true earnings potential is not achievable because recent execution issues will continue in the future, then it is the Board's duty to address the source of the problem by making management changes, rather than tolerating results which are unacceptable for shareholders.

As a reminder, we reached a settlement agreement close to nine months ago on March 22, 2018, which in addition to two new independent directors, called for a mutually agreeable third independent director to be appointed to the Board. Unfortunately, we have not yet been able to reach an agreement with the Board on the third independent director. We still expect that you will honor our agreement and work with us to appoint the third new director as soon as possible.

We also expect that you will explore the opportunities for improvement that we outlined in our previous communications and do everything in your power to create value for shareholders. If shareholders do not see progress soon, then we believe it would be incumbent upon the Board to take more substantive actions to ensure that the value of the Company is maximized. We believe these actions should include potential management changes and exploring a sale of the Company. We believe Cars.com would be highly attractive to a wide variety of both strategic and financial buyers. Ultimately it is the responsibility of the Board to fully explore this option and balance it against a reasonable risk-adjusted standalone plan that takes into account the significant execution risk that exists if Cars.com remains a public company.

We are one of the largest shareholders of the Company. Our investment in Cars.com is important to us and we will take all actions that we deem necessary in the future to ensure that the Company is properly managed and value is maximized for the benefit of all shareholders.

Best Regards,

Jeffrey C. Smith
Starboard Value LP

(1) Adjusted Free Cash Flow excludes Revenue Share expenses and other non-recurring expenses.