

ENTRAVISION COMMUNICATIONS CORP
Form 10-Q
May 06, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

OR

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 1-15997

ENTRAVISION COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

95-4783236
(I.R.S. Employer
Identification No.)

2425 Olympic Boulevard, Suite 6000 West
Santa Monica, California 90404
(Address of principal executive offices) (Zip Code)

(310) 447-3870
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically 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 No

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

Large accelerated filer 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 Exchange Act). Yes No

As of May 2, 2011, there were 53,514,769 shares, \$0.0001 par value per share, of the registrant's Class A common stock outstanding, 22,188,161 shares, \$0.0001 par value per share, of the registrant's Class B common stock outstanding and 9,352,729 shares, \$0.0001 par value per share, of the registrant's Class U common stock outstanding.

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ENTRAVISION COMMUNICATIONS CORPORATION
FORM 10-Q FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011

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Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words may, could, will, estimate, intend, continue, believe, expect or anticipate or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. Some of the key factors impacting these risks and uncertainties include, but are not limited to:

risks related to our history of operating losses, our substantial indebtedness or our ability to raise capital;

provisions of our debt instruments, including the indenture governing our \$400 million aggregate principal amount of 8.750% senior secured first lien notes due 2017, or the Notes, and the agreement governing the current credit facility that we entered into in July 2010, or our 2010 Credit Facility, which restrict certain aspects of the operation of our business;

our continued compliance with all of our obligations, including financial covenants and ratios, under the indenture governing the Notes, or the Indenture, and the agreement governing our 2010 Credit Facility, or the Credit Agreement;

cancellations or reductions of advertising due to the current economic environment or otherwise;

advertising rates remaining constant or decreasing;

the impact of rigorous competition in Spanish-language media and in the advertising industry generally;

the impact on our business, if any, as a result of changes in the way market share is measured by third parties;

our relationship with Univision Communications Inc., or Univision;

the extent to which we continue to generate revenue under retransmission consent agreements;

subject to restrictions contained in the Indenture and the Credit Agreement, the overall success of our acquisition strategy, which historically has included developing media clusters in key U.S. Hispanic markets, and the integration of any acquired assets with our

existing business;

industry-wide market factors and regulatory and other developments affecting our operations;

continued uncertainty in the current economic environment;

the impact of previous and any future impairment of our assets;

risks related to changes in accounting interpretations; and

the impact, including additional costs, of mandates and other obligations that may be imposed upon us as a result of the recent passage of new federal healthcare laws.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see the section entitled "Risk Factors," beginning on page 26 of our Annual Report on Form 10-K for the year ended December 31, 2010.

Table of Contents**PART I****FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share data)**

	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 66,072	\$ 72,390
Restricted cash	809	809
Trade receivables, net of allowance for doubtful accounts of \$4,669 and \$5,099 (including related parties of \$4,130 and \$5,315)	36,999	41,552
Prepaid expenses and other current assets (including related parties of \$274 and \$274)	7,345	6,867
Total current assets	111,225	121,618
Property and equipment, net	70,831	71,777
Intangible assets subject to amortization, net (included related parties of \$24,987 and \$25,880)	26,213	26,615
Intangible assets not subject to amortization	220,023	220,023
Goodwill	36,647	35,912
Other assets	13,832	14,865
Total assets	\$ 478,771	\$ 490,810
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt (including related parties of \$1,000 and \$1,000)	\$ 1,000	\$ 1,000
Advances payable, related parties	118	118
Accounts payable and accrued expenses (including related parties of \$4,223 and \$4,683)	30,237	38,550
Total current liabilities	31,355	39,668
Long-term debt, less current maturities (net of bond discount of \$4,743 and \$4,881)	395,257	395,119
Other long-term liabilities	9,833	10,294
Deferred income taxes	36,010	35,372
Total liabilities	472,455	480,453
Commitments and contingencies (note 4)		
Stockholders' equity		
Class A common stock, \$0.0001 par value, 260,000,000 shares authorized; shares issued and outstanding 2011 53,506,269; 2010 52,978,304	5	5
Class B common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2011 and 2010 22,188,161	2	2

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Class U common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2011 and 2010 9,352,729	1	1
Additional paid-in capital	941,562	941,171
Accumulated deficit	(935,254)	(930,822)
Total stockholders' equity	6,316	10,357
Total liabilities and stockholders' equity	\$ 478,771	\$ 490,810

See Notes to Consolidated Financial Statements

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ENTRAVISION COMMUNICATIONS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands, except share and per share data)

	Three-Month Period Ended March 31,	
	2011	2010
Net revenue	\$ 44,044	\$ 43,073
Expenses:		
Direct operating expenses (including related parties of \$1,704 and \$2,351) (including non-cash stock-based compensation of \$51 and \$105)	20,821	20,768
Selling, general and administrative expenses (including non-cash stock-based compensation of \$156 and \$148)	9,243	9,056
Corporate expenses (including non-cash stock-based compensation of \$156 and \$206)	3,745	3,748
Depreciation and amortization (includes direct operating of \$3,327 and \$3,467; selling, general and administrative of \$821 and \$959; and corporate of \$584 and \$297) (including related parties of \$893 and \$580)	4,732	4,723
	38,541	38,295
Operating income (loss)	5,503	4,778
Interest expense (including related parties of \$15 and \$29)	(9,443)	(5,514)
Interest income	2	83
Other income (loss)	687	
Income (loss) before income taxes	(3,251)	(653)
Income tax (expense) benefit	(1,181)	(1,410)
Income (loss) before equity in net income (loss) of nonconsolidated affiliate	(4,432)	(2,063)
Equity in net income (loss) of nonconsolidated affiliate, net of tax		(121)
Net income (loss) applicable to common stockholders	\$ (4,432)	\$ (2,184)
Basic and diluted earnings per share:		
Net income (loss) per share applicable to common stockholders, basic and diluted	\$ (0.05)	\$ (0.03)
Weighted average common shares outstanding, basic and diluted	85,039,298	84,430,204

See Notes to Consolidated Financial Statements

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(In thousands)

	Three-Month Period Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net income (loss)	\$ (4,432)	\$ (2,184)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,732	4,723
Deferred income taxes	638	1,213
Amortization of debt issue costs	539	104
Amortization of syndication contracts	290	272
Payments on syndication contracts	(480)	(704)
Equity in net income (loss) of nonconsolidated affiliate		121
Non-cash stock-based compensation	363	459
(Gain) loss on equity investment	(687)	
Change in fair value of interest rate swap agreements		(3,930)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:		
(Increase) decrease in accounts receivable	6,807	5,040
(Increase) decrease in prepaid expenses and other assets	(598)	(92)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(10,627)	112
Net cash provided by (used in) operating activities	(3,455)	5,134
Cash flows from investing activities:		
Purchases of property and equipment and intangibles	(2,513)	(2,674)
Purchase of a business	(348)	
Net cash provided by (used in) investing activities	(2,861)	(2,674)
Cash flows from financing activities:		
Proceeds from issuance of common stock	27	150
Payments on long-term debt		(3,458)
Payments of deferred debt and offering costs	(29)	(362)
Net cash provided by (used in) financing activities	(2)	(3,670)
Net increase (decrease) in cash and cash equivalents	(6,318)	(1,210)
Cash and cash equivalents:		
Beginning	72,390	27,666
Ending	\$ 66,072	\$ 26,456
Supplemental disclosures of cash flow information:		
Cash payments (refunds) for:		
Interest	\$ 18,046	\$ 9,785
Income taxes	\$ 543	\$ 197

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

1. BASIS OF PRESENTATION

Presentation

The consolidated financial statements included herein have been prepared by Entravision Communications Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2010 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. The unaudited information contained herein has been prepared on the same basis as the Company's audited consolidated financial statements and, in the opinion of the Company's management, includes all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the information for the periods presented. The interim results presented herein are not necessarily indicative of the results of operations that may be expected for the full fiscal year ending December 31, 2011 or any other future period.

2. THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

Restricted Cash

As of March 31, 2011, the Company's balance sheet includes \$0.8 million in restricted cash, which was used as temporary collateral for the Company's \$0.8 million letters of credit. These funds were segregated from the Company's operating cash account.

Related Party

Univision currently owns approximately 10% of the Company's common stock on a fully-converted basis based on public filings made by Univision. In connection with Univision's merger with Hispanic Broadcasting Corporation ("HBC") in September 2003, Univision entered into an agreement with the U.S. Department of Justice ("DOJ"), pursuant to which Univision agreed, among other things, to ensure that its percentage ownership of the Company would not exceed 15% by March 26, 2006 and would not exceed 10% by March 26, 2009.

In February 2008, the Company repurchased 1.5 million shares of Class U common stock held by Univision for \$10.4 million. In May 2009, the Company repurchased an additional 0.9 million shares of Class A common stock held by Univision for \$0.5 million.

The Company's Class U common stock held by Univision has limited voting rights and does not include the right to elect directors. However, as the holder of all of the Company's issued and outstanding Class U common stock, Univision currently has the right to approve any merger, consolidation or other business combination involving the Company, any dissolution of the Company and any assignment of the Federal Communications Commission, or FCC, licenses for any of the Company's Univision-affiliated television stations. Each share of Class U common stock is automatically convertible into one share of the Company's Class A common stock (subject to adjustment for stock splits, dividends or combinations) in connection with any transfer to a third party that is not an affiliate of Univision.

Univision acts as the Company's exclusive sales representative for the sale of all national advertising aired on Univision-affiliate television stations. During the three-month periods ended March 31, 2011 and 2010, the amount paid by the Company to Univision in this capacity was \$1.7 million and \$2.0 million, respectively.

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In August 2008, the Company entered into an agreement with Univision pursuant to which it granted Univision the right to negotiate the terms of agreements providing for the carriage of the Company's Univision- and TeleFutura-affiliated television station signals by multichannel video programming distributors, or MVPDs. The agreement also provides terms relating to compensation to be paid to the Company with respect to agreements that are entered into for the carriage of its Univision- and TeleFutura-affiliated television station signals. As of March 31, 2011, the amount due to the Company from Univision was \$4.1 million related to the agreements for the carriage of its Univision and TeleFutura-affiliated television station signals.

Stock-Based Compensation

The Company measures all stock-based awards using a fair value method and recognizes the related stock-based compensation expense in the consolidated financial statements over the requisite service period. As stock-based compensation expense recognized in the Company's consolidated financial statements is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures.

Stock-based compensation expense related to grants of stock options and restricted stock units was \$0.4 million and \$0.5 million for the three-month periods ended March 31, 2011 and 2010, respectively.

Stock Options

Stock-based compensation expense related to stock options is based on the fair value on the date of grant using the Black-Scholes option pricing model and is amortized over the vesting period, generally between 1 to 3 years.

As of March 31, 2011, there was approximately \$0.3 million of total unrecognized compensation expense related to grants of stock options that is expected to be recognized over a weighted-average period of 0.6 years.

Restricted Stock Units

Stock-based compensation expense related to restricted stock units is based on the fair value of the Company's stock price on the date of grant and is amortized over the vesting period, generally between 1 to 4 years.

As of March 31, 2011, there was approximately \$1.3 million of total unrecognized compensation expense related to grants of restricted stock units that is expected to be recognized over a weighted-average period of 1.1 years.

Income (Loss) Per Share

The following table illustrates the reconciliation of the basic and diluted income per share computations required by ASC 260-10, Earnings Per Share (in thousands, except per share and per share data):

	Three-Month Period Ended March 31,	
	2011	2010
Basic and diluted earnings per share:		
Numerator:		
Net income (loss) applicable to common stockholders	\$ (4,432)	\$ (2,184)
Denominator:		
Weighted average common shares outstanding	85,039,298	84,430,204
Per share:		
Net income (loss) per share applicable to common stockholders	\$ (0.05)	\$ (0.03)

Basic income (loss) per share is computed as net income (loss) divided by the weighted average number of shares outstanding for the period. Diluted income (loss) per share reflects the potential dilution, if any, that could occur from shares issuable through stock options, restricted stock units and convertible securities.

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For the three-month periods ended March 31, 2011 and 2010, all dilutive securities have been excluded as their inclusion would have had an antidilutive effect on loss per share. The number of securities whose conversion would result in an incremental number of shares that would be included in determining the weighted average shares outstanding for diluted earnings per share if their effect was not antidilutive was 679,908 and 752,743 equivalent shares of dilutive securities for the three-month periods ended March 31, 2011 and 2010, respectively.

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Notes

On July 27, 2010, the Company completed the offering and sale of \$400 million aggregate principal amount of its 8.75% Senior Secured First Lien Notes (the Notes). The Notes were issued at a discount of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. The Company received net proceeds of approximately \$388 million from the sale of the Notes (net of bond discount of \$5 million and fees of \$7 million), which were used to pay all indebtedness outstanding under the previous syndicated bank credit facility, terminate the related interest rate swap agreements, pay fees and expenses related to the offering of the Notes and for general corporate purposes.

The Notes are guaranteed on a senior secured basis by all of the existing and future wholly-owned domestic subsidiaries (the Note Guarantors). The Notes and the guarantees rank equal in right of payment to all of the Company's and the guarantors' existing and future senior indebtedness and senior in right of payment to all of the Company's and the Note Guarantors' existing and future subordinated indebtedness. In addition, the Notes and the guarantees are effectively junior: (i) to the Company's and the Note Guarantors' indebtedness secured by assets that are not collateral; (ii) pursuant to an Intercreditor Agreement entered into at the same time that the Company entered into the 2010 Credit Facility described below; and (iii) to all of the liabilities of any of the Company's existing and future subsidiaries that do not guarantee the Notes, to the extent of the assets of those subsidiaries. The Notes are secured by substantially all of the assets, as well as the pledge of the stock of substantially all of the subsidiaries, including the special purpose subsidiary formed to hold the Company's FCC licenses.

At the Company's option, the Company may redeem:

prior to August 1, 2013, on one or more occasions, up to 10% of the original principal amount of the Notes during each 12-month period beginning on August 1, 2010, at a redemption price equal to 103% of the principal amount of the Notes, plus accrued and unpaid interest;

prior to August 1, 2013, on one or more occasions, up to 35% of the original principal amount of the Notes with the net proceeds from certain equity offerings, at a redemption price of 108.750% of the principal amount of the Notes, plus accrued and unpaid interest; provided that: (i) at least 65% of the aggregate principal amount of all Notes issued under the Indenture remains outstanding immediately after such redemption; and (ii) such redemption occurs within 60 days of the date of closing of any such equity offering;

prior to August 1, 2013, some or all of the Notes may be redeemed at a redemption price equal to 100% of the principal amount of the Notes plus a make-whole premium plus accrued and unpaid interest; and

on or after August 1, 2013, some or all of the Notes may be redeemed at a redemption price of: (i) 106.563% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2013; (ii) 104.375% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2014; (iii) 102.188% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2015; and (iv) 100% of the principal amount of the Notes if redeemed on or after August 1, 2016, in each case plus accrued and unpaid interest.

In addition, upon a change of control, as defined in the indenture governing the issuance of the Notes (the Indenture), the Company must make an offer to repurchase all Notes then outstanding, at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest.

Upon an event of default, as defined in the Indenture, the Notes will become due and payable: (i) immediately without further notice if such event of default arises from events of bankruptcy or insolvency of the Company, any Note Guarantor or any restricted subsidiary; or (ii) upon a declaration of acceleration of the Notes in writing to the Company by the Trustee or holders representing 25% of the aggregate principal amount of the Notes then outstanding, if an event of default occurs and is continuing. The Indenture contains additional provisions that are customary for an agreement of this type, including indemnification by the Company and the Note Guarantors.

The carrying amount and estimated fair value of the Notes as of March 31, 2011 was \$395.3 million and \$427.5 million, respectively. The estimated fair value is based on quoted market prices for the Notes.

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For the three-month period ended March 31, 2011, the Company recognized an increase of \$0.1 million in interest expense related to amortization of the bond discount.

2010 Credit Facility

On July 27, 2010, the Company also entered into a new \$50 million revolving credit facility (2010 Credit Facility) and terminated the amended syndicated bank credit facility agreement. The 2010 Credit Facility consists of a three-year \$50 million revolving credit facility that expires on July 27, 2013, which includes a \$3 million sub-facility for letters of credit. In addition, the Company may increase the aggregate principal amount of the 2010 Credit Facility by up to an additional \$50 million, subject to the Company satisfying certain conditions.

Borrowings under the 2010 Credit Facility bear interest at either: (i) the Base Rate (as defined in the credit agreement governing the 2010 Credit Facility (the Credit Agreement)) plus a margin of 3.375% per annum; or (ii) LIBOR plus a margin of 4.375% per annum. The Company has not drawn on the 2010 Credit Facility.

The 2010 Credit Facility is guaranteed on a senior secured basis by all of the Company's existing and future wholly-owned domestic subsidiaries (the Credit Guarantors), which are also the Note Guarantors (collectively, the Guarantors). The 2010 Credit Facility is secured on a first priority basis by the Company's and the Credit Guarantors' assets, which also secure the Notes. The Company's borrowings, if any, under the 2010 Credit Facility rank senior to the Notes upon the terms set forth in the Intercreditor Agreement that the Company entered into in connection with the 2010 Credit Facility. The 2010 Credit Facility is secured by substantially all of the assets, as well as the pledge of the stock of substantially all of the subsidiaries, including the special purpose subsidiary formed to hold the Company's FCC licenses.

The Credit Agreement also requires compliance with certain financial covenants, relating to total leverage ratio, fixed charge coverage ratio, cash interest coverage ratio and revolving credit facility leverage ratio. The covenants become increasingly restrictive in the later years of the 2010 Credit Facility.

Upon an event of default, as defined in the Credit Agreement, the lenders may, among other things, suspend or terminate their obligation to make further loans to the Company and/or declare all amounts then outstanding under the 2010 Credit Facility to be immediately due and payable. The Credit Agreement also contains additional provisions that are customary for an agreement of this type, including indemnification by the Company and the Credit Guarantors.

In connection with the Company entering into the Indenture and the Credit Agreement, the Company and the Guarantors also entered into the following agreements:

A Security Agreement, pursuant to which the Company and the Guarantors each granted a first priority security interests in the collateral securing the Notes and the 2010 Credit Facility for the benefit of the holders of the Notes and the lenders under the 2010 Credit Facility; and

An Intercreditor Agreement, in order to define the relative rights of the holders of the Notes and the lenders under the 2010 Credit Facility with respect to the collateral securing the Company's and the Guarantors' respective obligations under the Notes and the 2010 Credit Facility.

As a result of the termination of the Company's previous syndicated bank credit facility, the Company is no longer subject to the financial covenants associated with the syndicated bank credit facility. However, subject to certain exceptions, both the Indenture and the Credit Agreement contain various provisions that limit the Company's ability, among other things, to:

incur additional indebtedness;

incur liens;

merge, dissolve, consolidate, or sell all or substantially all of our assets;

make certain investments;

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make certain restricted payments;

declare certain dividends or distributions or repurchase shares of our capital stock;

enter into certain transactions with affiliates; and

change the nature of our business.

In addition, the Indenture contains various provisions that limit the Company's ability to:

apply the proceeds from certain asset sales other than in accordance with the terms of the Indenture; and

restrict dividends or other payments from subsidiaries.

In addition, the Credit Agreement contains various provisions that limit the Company's ability to:

dispose of certain assets; and

amend the Company's or any guarantor's organizational documents of the Company in any way that is materially adverse to the lenders under the 2010 Credit Facility.

Moreover, if the Company fails to comply with any of the financial covenants or ratios under the 2010 Credit Facility, the lenders could:

Elect to declare all amounts borrowed to be immediately due and payable, together with accrued and unpaid interest; and/or

Terminate their commitments, if any, to make further extensions of credit.

Recent Accounting Pronouncements

There have been no developments to recently issued accounting standards applicable to the Company, including the expected dates of adoption and estimated effects on the Company's consolidated financial statements, from those disclosed in the Company's 2010 Annual Report on Form 10-K.

3. SEGMENT INFORMATION

The Company operates in two reportable segments: television broadcasting and radio broadcasting.

Television Broadcasting

The Company owns and/or operates 53 primary television stations located primarily California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C

Radio Broadcasting

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The Company owns and operates 48 radio stations (37 FM and 11 AM) located primarily in Arizona, California, Colorado, Florida, Nevada, New Mexico and Texas.

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Separate financial data for each of the Company's operating segments are provided below. Segment operating profit (loss) is defined as operating profit (loss) before corporate expenses and impairment charge. There were no significant sources of revenue generated outside the United States during the three-month periods ended March 31, 2011 and 2010. The Company evaluates the performance of its operating segments based on the following (in thousands):

	Three-Month Period Ended March 31,		% Change 2011 to 2010
	2011	2010	
Net Revenue			
Television	\$ 30,668	\$ 29,645	3%
Radio	13,376	13,428	(0)%
Consolidated	44,044	43,073	2%
Direct operating expenses			
Television	12,659	13,029	(3)%
Radio	8,162	7,739	5%
Consolidated	20,821	20,768	0%
Selling, general and administrative expenses			
Television	5,171	4,928	5%
Radio	4,072	4,128	(1)%
Consolidated	9,243	9,056	2%
Depreciation and amortization			
Television	3,835	3,729	3%
Radio	897	994	(10)%
Consolidated	4,732	4,723	0%
Segment operating profit (loss)			
Television	9,003	7,959	13%
Radio	245	567	(57)%
Consolidated	9,248	8,526	8%
Corporate expenses	3,745	3,748	(0)%
Operating income (loss)	5,503	4,778	15%
Interest expense	(9,443)	(5,514)	71%
Interest income	2	83	(98)%
Other income (loss)	687	*	*
Income (loss) before income taxes	\$ (3,251)	\$ (653)	398%
Capital expenditures			
Television	\$ 2,617	\$ 2,359	

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Radio	150	342
Consolidated	\$ 2,767	\$ 2,701
	March 31, 2011	December 31, 2010
Total assets		
Television	\$ 356,090	\$ 367,474
Radio	122,681	123,336
Consolidated	\$ 478,771	\$ 490,810

* Percentage not meaningful.

Table of Contents**4. LITIGATION**

The Company is subject to various outstanding claims and other legal proceedings that may arise in the ordinary course of business. In the opinion of management, any liability of the Company that may arise out of or with respect to these matters will not materially adversely affect the financial position, results of operations or cash flows of the Company.

5. ACQUISITION

On January 3, 2011, the Company completed the acquisition of Lotus/Entravision Reps LLC (LER), a representation firm that sells national spots to advertising agencies on behalf of the Company and other clients. The Company previously owned 50 percent of LER which was accounted for under the equity method. The Company paid \$1.1 million for the remaining 50 percent of LER in order to realize synergies by integrating LER's sales force with the Company's radio operations. The consideration consisted of \$0.7 million paid in cash and an additional amount due of \$0.4 million based on LER's working capital. Any adjustments relating to working capital must be finalized by October 30, 2011.

As a result of the Company obtaining control over LER, the Company's previously held 50 percent interest was remeasured to its fair value of \$1.1 million. The resulting gain of \$0.7 million is included in the line item "Other income (loss)" on the consolidated statement of operations.

The following is a summary of the initial purchase price allocation for the Company's acquisition of LER (unaudited; in millions):

Cash and cash equivalents	\$ 0.5
Trade accounts receivable	2.1
Prepays and other assets	0.1
Property and equipment	0.1
Intangible assets subject to amortization	0.5
Goodwill	0.7
Current liabilities	(1.8)
	\$ 2.2

The goodwill, which is expected to be deductible for tax purposes, is assigned to the radio broadcasting segment and is attributable to expected synergies from combining LER's operations with the Company's. The changes in the carrying amount of goodwill for each of the Company's operating segments for the three-month period ended March 31, 2011 are as follows (in thousands):

	December 31, 2010	Acquisition	March 31, 2011
Television	\$ 35,912	\$	\$ 35,912
Radio		735	735
Total	\$ 35,912	\$ 735	\$ 36,647

The acquired receivables approximate their fair value inclusive of collection risk, which was not significant. Acquisition related costs were not significant and LER's revenue and net income were not significant to the Company's results for any of the periods presented.

6. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The Company's Notes are guaranteed by all of the Company's existing and future wholly-owned domestic subsidiaries. All of the guarantees are full and unconditional and joint and several. None of the Company's foreign subsidiaries are guarantors of the Notes.

Set forth below are consolidating financial statements related to the Company, its material guarantor subsidiary Entravision Holdings, LLC, and its non-guarantor subsidiaries. Consolidating balance sheets are presented as of March 31, 2011 and December 31, 2010 and the related consolidating statements of operations and cash flows are presented for the three-month periods ended March 31, 2011 and 2010. The equity

method of accounting has been used by the Company to report its investment in subsidiaries.

Table of Contents**Consolidating Balance Sheet****March 31, 2011****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 65,841	\$	\$ 231	\$	\$ 66,072
Restricted Cash	809				809
Trade receivables, net of allowance for doubtful accounts	36,901		98		36,999
Prepaid expenses and other current assets	7,009		336		7,345
Total current assets	110,560		665		111,225
Property and equipment, net	67,225		3,606		70,831
Intangible assets subject to amortization, net	26,213				26,213
Intangible assets not subject to amortization	38,739	177,584	3,700		220,023
Goodwill	35,653		994		36,647
Investment in subsidiaries	172,117			(172,117)	
Other assets	13,832		11,846	(11,846)	13,832
Total assets	\$ 464,339	\$ 177,584	\$ 20,811	\$ (183,963)	\$ 478,771
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities					
Current maturities of long-term debt	\$ 1,000	\$	\$	\$	\$ 1,000
Advances payable, related parties	118				118
Accounts payable and accrued expenses	39,407		605	(9,775)	30,237
Total current liabilities	40,525		605	(9,775)	31,355
Long-term debt, less current maturities	395,257				395,257
Other long-term liabilities	9,833				9,833
Deferred income taxes	12,408	25,673		(2,071)	36,010
Total liabilities	458,023	25,673	605	(11,846)	472,455
Stockholders Equity					
Class A common stock	5				5
Class B common stock	2				2
Class C common stock	1				1
Member s capital		803,976	12,652	(816,628)	
Additional paid-in capital	941,562				941,562
Accumulated deficit	(935,254)	(652,065)	7,554	644,511	(935,254)
Total stockholders equity	6,316	151,911	20,206	(172,117)	6,316
Total liabilities and stockholders equity	\$ 464,339	\$ 177,584	\$ 20,811	\$ (183,963)	\$ 478,771

Table of Contents**Consolidating Balance Sheet****December 31, 2010****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 72,140	\$	\$ 250	\$	\$ 72,390
Restricted Cash	809				809
Trade receivables, net of allowance for doubtful accounts	41,302		250		41,552
Prepaid expenses and other current assets	6,547		320		6,867
Total current assets	120,798		820		121,618
Property and equipment, net	67,974		3,803		71,777
Intangible assets subject to amortization, net	26,615				26,615
Intangible assets not subject to amortization	38,739	177,584	3,700		220,023
Goodwill	34,918		994		35,912
Investment in subsidiaries	172,893			(172,893)	
Other assets	14,865		11,556	(11,556)	14,865
Total assets	\$ 476,802	\$ 177,584	\$ 20,873	\$ (184,449)	\$ 490,810
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities					
Current maturities of long-term debt	\$ 1,000	\$	\$	\$	\$ 1,000
Advances payable, related parties	118				118
Accounts payable and accrued expenses	47,288		735	(9,473)	38,550
Total current liabilities	48,406		735	(9,473)	39,668
Long-term debt, less current maturities	395,119				395,119
Other long-term liabilities	10,294				10,294
Deferred income taxes	12,626	24,829		(2,083)	35,372
Total liabilities	466,445	24,829	735	(11,556)	480,453
Stockholders Equity					
Class A common stock	5				5
Class B common stock	2				2
Class C common stock	1				1
Member s capital		803,976	12,652	(816,628)	
Additional paid-in capital	941,171				941,171
Accumulated deficit	(930,822)	(651,221)	7,486	643,735	(930,822)
Total stockholders equity	10,357	152,755	20,138	(172,893)	10,357
Total liabilities and stockholders equity	\$ 476,802	\$ 177,584	\$ 20,873	\$ (184,449)	\$ 490,810

Consolidating Statement of Operations

Three-Month Period Ended March 31, 2011

(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 43,833	\$	\$ 843	\$ (632)	\$ 44,044
Expenses:					
Direct operating expenses	21,099		354	(632)	20,821
Selling, general and administrative expenses	9,115		128		9,243
Corporate expenses	3,745				3,745
Depreciation and amortization	4,527		205		4,732
	38,486		687	(632)	38,541
Operating income (loss)	5,347		156		5,503
Interest expense	(9,443)				(9,443)
Interest income	2				2
Other income (loss)	687				687
Income (loss) before income taxes	(3,407)		156		(3,251)
Income tax benefit (expense)	(249)	(844)	(88)		(1,181)
Income (loss) before equity in net income (loss) of subsidiaries	(3,656)	(844)	68		(4,432)
Equity in income (loss) of subsidiaries	(776)			776	
Net income (loss) applicable to common stockholders	\$ (4,432)	\$ (844)	\$ 68	\$ 776	\$ (4,432)

Table of Contents**Consolidating Statement of Operations****Three-Month Period Ended March 31, 2010****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 42,795	\$	\$ 763	\$ (485)	\$ 43,073
Expenses:					
Direct operating expenses	20,991		262	(485)	20,768
Selling, general and administrative expenses	8,917		139		9,056
Corporate expenses	3,748				3,748
Depreciation and amortization	4,537		186		4,723
	38,193		587	(485)	38,295
Operating income (loss)	4,602		176		4,778
Interest expense	(5,514)				(5,514)
Interest income	83				83
Other income (loss)					
Income (loss) before income taxes	(829)		176		(653)
Income tax benefit (expense)	(493)	(822)	(95)		(1,410)
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate	(1,322)	(822)	81		(2,063)
Equity in income (loss) of subsidiaries	(741)			741	
Income (loss) before equity in net income (loss) of nonconsolidated affiliates	(2,063)	(822)	81	741	(2,063)
Equity in net income (loss) of nonconsolidated affiliates	(121)				(121)
Net income (loss) applicable to common stockholders	\$ (2,184)	\$ (822)	\$ 81	\$ 741	\$ (2,184)

Consolidating Statement of Cash Flows**Three-Month Period Ended March 31, 2011****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (4,432)	\$ (844)	\$ 68	\$ 776	\$ (4,432)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,527		205		4,732
Deferred income taxes	(214)	844	8		638

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Amortization of debt issue costs	539			539
Amortization of syndication contracts	290			290
Payments on syndication contracts	(480)			(480)
Non-cash stock-based compensation	363			363
(Gain) loss on equity investment	(687)			(687)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:				
(Increase) decrease in accounts receivable	6,655	152		6,807
(Increase) decrease in amounts due from related party	302	(302)		
(Increase) decrease in prepaid expenses and other assets	(586)	(12)		(598)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(10,497)	(130)		(10,627)
Net cash provided by (used in) operating activities	(4,220)	(11)	776	(3,455)
Cash flows from investing activities:				
Investment in subsidiaries	776		(776)	
Purchase of a business	(348)			(348)
Purchases of property and equipment and intangibles	(2,505)	(8)		(2,513)
Net cash provided by (used in) investing activities	(2,077)	(8)	(776)	(2,861)
Cash flows from financing activities:				
Proceeds from issuance of common stock	27			27
Payments of deferred debt and offering costs	(29)			(29)
Net cash provided by (used in) financing activities	(2)			(2)
Net increase (decrease) in cash and cash equivalents	(6,299)	(19)		(6,318)
Cash and cash equivalents:				
Beginning	72,140	250		72,390
Ending	\$ 65,841	\$ 231	\$	\$ 66,072

Table of Contents**Consolidating Statement of Cash Flows****Three-Month Period Ended March 31, 2010****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (2,184)	\$ (822)	\$ 81	\$ 741	\$ (2,184)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,537		186		4,723
Deferred income taxes	391	822			1,213
Amortization of debt issue costs	104				104
Amortization of syndication contracts	272				272
Payments on syndication contracts	(704)				(704)
Equity in net income (loss) of nonconsolidated affiliate	121				121
Non-cash stock-based compensation	459				459
Change in fair value of interest rate swap agreements	(3,930)				(3,930)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
(Increase) decrease in accounts receivable	4,955		85		5,040
(Increase) decrease in amounts due from related party	376		(376)		
(Increase) decrease in prepaid expenses and other assets	(98)		6		(92)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	164		(52)		112
Net cash provided by (used in) operating activities	4,463		(70)	741	5,134
Cash flows from investing activities:					
Investment in subsidiaries	741			(741)	
Purchases of property and equipment and intangibles	(2,663)		(11)		(2,674)
Net cash provided by (used in) investing activities	(1,922)		(11)	(741)	(2,674)
Cash flows from financing activities:					
Proceeds from issuance of common stock	150				150
Payments on long-term debt	(3,458)				(3,458)
Payments of deferred debt and offering costs	(362)				(362)
Net cash provided by (used in) financing activities	(3,670)				(3,670)
Net increase (decrease) in cash and cash equivalents	(1,129)		(81)		(1,210)
Cash and cash equivalents:					
Beginning	27,260		406		27,666
Ending	\$ 26,131	\$	\$ 325	\$	\$ 26,456

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a diversified Spanish-language media company with a unique portfolio of television and radio assets that reach Hispanic consumers across the United States, as well as the border markets of Mexico. We operate in two reportable segments: television broadcasting and radio broadcasting. Our net revenue for the three-month period ended March 31, 2011, was \$44.0 million. Of that amount, revenue generated by our television segment accounted for 70% and revenue generated by our radio segment accounted for 30%.

As of the date of filing this report, we own and/or operate 53 primary television stations located primarily in California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C. We own and operate 48 radio stations (37 FM and 11 AM) located primarily in Arizona, California, Colorado, Florida, Nevada, New Mexico and Texas.

We generate revenue primarily from sales of national and local advertising time on television and radio stations, and from retransmission consent agreements. Advertising rates are, in large part, based on each medium's ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast. We do not obtain long-term commitments from our advertisers and, consequently, they may cancel, reduce or postpone orders without penalties. We pay commissions to agencies for local, regional and national advertising. For contracts directly with agencies, we record net revenue from these agencies. Seasonal revenue fluctuations are common in the broadcasting industry and are due primarily to variations in advertising expenditures by both local and national advertisers. We also generate revenue from retransmission consent agreements that are entered into with MVPDs. We refer to such revenue as retransmission consent revenue, which represents payments from MVPDs for access to our television station signals so that they may rebroadcast our signals and charge their subscribers for this programming. We recognize retransmission consent revenue when it is accrued pursuant to the agreements we have entered into with respect to such revenue.

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Our primary expenses are employee compensation, including commissions paid to our sales staff and amounts paid to our national representative firms, as well as expenses for marketing, promotion and selling, technical, local programming, engineering, and general and administrative. Our local programming costs for television consist primarily of costs related to producing a local newscast in most of our markets.

Highlights

During the first quarter, we achieved revenue growth despite continuing challenges in the advertising environment. Net revenue increased to \$44.0 million, an increase of \$0.9 million, or 2%, over the first quarter of 2010. Our performance was driven primarily by retransmission consent revenue. Our audience shares remained strong in the nation's most densely populated Hispanic markets.

Net revenue for our television segment increased to \$30.7 million in the first quarter of 2011, from \$29.6 million in the first quarter of 2010. This increase of \$1.1 million, or 3%, in net revenue was primarily due to an increase in retransmission consent revenue, partially offset by a decrease in advertising revenue. We generated a total of \$4.2 million of retransmission consent revenue in the first quarter of 2011. We anticipate that retransmission consent revenue for the full year 2011 will be greater than it was for the full year 2010 and will continue to be a growing source of net revenues in future periods.

Net revenue for our radio segment was \$13.4 million for each of the first quarters of 2011 and 2010.

Relationship with Univision

Substantially all of our television stations are Univision- or TeleFutura-affiliated television stations. Our network affiliation agreements with Univision provide certain of our owned stations the exclusive right to broadcast Univision's primary network and TeleFutura network programming in their respective markets. These long-term affiliation agreements each expire in 2021, and can be renewed for multiple, successive two-year terms at Univision's option, subject to our consent.

Under the network affiliation agreements, Univision acts as our exclusive sales representative for the sale of national and regional advertising sales on our Univision- and TeleFutura-affiliate television stations, and Entravision pays certain sales representation fees to Univision relating to national and regional advertising sales. During the three-month periods ended March 31, 2011 and 2010, the amount we paid Univision in this capacity was \$1.7 million and \$2.0 million, respectively.

In August 2008, we entered into a proxy agreement with Univision pursuant to which we granted to Univision the right to negotiate the terms of retransmission consent agreements for our Univision- and TeleFutura-affiliated television station signals for a term of six years. Among other things, the proxy agreement provides terms relating to compensation to be paid to us by Univision with respect to retransmission consent agreements entered into with MVPDs.

Univision currently owns approximately 10% of our common stock on a fully-converted basis. As of December 31, 2005, Univision owned approximately 30% of our common stock on a fully-converted basis. In connection with its merger with Hispanic Broadcasting Corporation in September 2003, Univision entered into an agreement with the U.S. Department of Justice, or DOJ, pursuant to which Univision agreed, among other things, to ensure that its percentage ownership of our company would not exceed 10% by March 26, 2009. In January 2006, we sold the assets of radio stations KBRG-FM and KLOK-AM, serving the San Francisco/San Jose, California market, to Univision for \$90 million. Univision paid the full amount of the purchase price in the form of approximately 12.6 million shares of our Class U common stock held by Univision. Subsequently, in 2006, we repurchased 7.2 million shares of our Class U common stock held by Univision for \$52.5 million. In February 2008, we repurchased 1.5 million shares of Class U common stock held by Univision for \$10.4 million. In May 2009, we repurchased an additional 0.9 million shares of Class A common stock held by Univision for \$0.5 million.

Recent Accounting Pronouncements

There have been no developments to recently issued accounting standards applicable to the Company, including the expected dates of adoption and estimated effects on our consolidated financial statements, from those disclosed in our 2010 Annual Report on Form 10-K.

Table of Contents**Three- Month Periods Ended March 31, 2011 and 2010**

The following table sets forth selected data from our operating results for the three- month periods ended March 31, 2011 and 2010 (in thousands):

	Three-Month Period Ended March 31,		%
	2011	2010	Change
Statements of Operations Data:			
Net revenue	\$ 44,044	\$ 43,073	2%
Direct operating expenses	20,821	20,768	0%
Selling, general and administrative expenses	9,243	9,056	2%
Corporate expenses	3,745	3,748	(0)%
Depreciation and amortization	4,732	4,723	0%
	38,541	38,295	1%
Operating income (loss)	5,503	4,778	15%
Interest expense	(9,443)	(5,514)	71%
Interest income	2	83	(98)%
Other income (loss)	687		*
Income (loss) before income taxes	(3,251)	(653)	398%
Income tax (expense) benefit	(1,181)	(1,410)	(16)%
Income (loss) before equity in net income (loss) of nonconsolidated affiliate	(4,432)	(2,063)	115%
Equity in net income (loss) of nonconsolidated affiliate, net of tax		(121)	(100)%
Net income (loss) applicable to common stockholders	\$ (4,432)	\$ (2,184)	103%
Other Data:			
Capital expenditures	2,767	2,701	
Consolidated adjusted EBITDA (adjusted for non-cash stock-based compensation) (1)	10,408	9,528	
Net cash provided by (used in) operating activities	(3,455)	5,134	
Net cash provided by (used in) investing activities	(2,861)	(2,674)	
Net cash provided by (used in) financing activities	(2)	(3,670)	

* Percentage not meaningful.

- (1) Consolidated adjusted EBITDA means net income (loss) plus gain (loss) on sale of assets, depreciation and amortization, non-cash impairment charge, non-cash stock-based compensation included in operating and corporate expenses, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax benefit (expense), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization less syndication programming payments. We use the term consolidated adjusted EBITDA because that measure is defined in our syndicated bank credit facility and does not include gain (loss) on sale of assets, depreciation and amortization, non-cash impairment charge, non-cash stock-based compensation, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax expense (benefit), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization and does include syndication programming payments.
- (2) Since our ability to borrow from our 2010 Credit Facility is based on a consolidated adjusted EBITDA financial covenant, we believe that it is important to disclose consolidated adjusted EBITDA to our investors. Our 2010 Credit Facility contains certain financial covenants relating to the maximum allowed leverage ratio, maximum revolving credit leverage ratio, minimum cash interest coverage ratio and minimum fixed charge coverage ratio. The maximum allowed leverage ratio, or the ratio of consolidated total debt to

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trailing-twelve-month consolidated adjusted EBITDA, affects our ability to borrow from our 2010 Credit Facility. Under our 2010 Credit Facility, our maximum allowed leverage ratio may not exceed 7.00 to 1. The actual leverage ratio was as follows (in each case as of March 31): 2011, 6.2 to 1; 2010, 6.2 to 1. Therefore, we were in compliance with this covenant at each of those dates. We entered into our 2010 Credit Facility in July 2010, so we were not subject to the same calculations and covenants in prior years. However, for consistency of presentation, the foregoing historical ratios assume that the current covenant had been applicable for all periods presented.

- (3) While many in the financial community and we consider consolidated adjusted EBITDA to be important, it should be considered in addition to, but not as a substitute for or superior to, other measures of liquidity and financial performance prepared in accordance with accounting principles generally accepted in the United States of America, such as cash flows from operating activities, operating income and net income. As consolidated adjusted EBITDA excludes non-cash gain (loss) on sale of assets, non-cash depreciation and amortization, non-cash impairment charge, non-cash stock-based

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compensation expense, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax benefit (expense), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization and includes syndication programming payments, consolidated adjusted EBITDA has certain limitations because it excludes and includes several important non-cash financial line items. Therefore, we consider both non-GAAP and GAAP measures when evaluating our business. Consolidated adjusted EBITDA is also used to make executive compensation decisions.

Consolidated adjusted EBITDA is a non-GAAP measure. The most directly comparable GAAP financial measure to consolidated adjusted EBITDA is cash flows from operating activities. A reconciliation of this non-GAAP measure to cash flows from operating activities follows (in thousands):

	Three-Month Period Ended March 31,	
	2011	2010
Consolidated adjusted EBITDA (1)	\$ 10,408	\$ 9,528
Interest expense	(9,443)	(5,514)
Interest income	2	83
Income tax (expense) benefit	(1,181)	(1,410)
Amortization of syndication contracts	(290)	(272)
Payments on syndication contracts	480	704
Non-cash stock-based compensation included in direct operating expenses	(51)	(105)
Non-cash stock-based compensation included in selling, general and administrative expenses	(156)	(148)
Non-cash stock-based compensation included in corporate expenses	(156)	(206)
Depreciation and amortization	(4,732)	(4,723)
Gain (loss) on equity investment	687	
Equity in net income (loss) of nonconsolidated affiliates		(121)
Net income (loss)	(4,432)	(2,184)
Depreciation and amortization	4,732	4,723
Deferred income taxes	638	1,213
Amortization of debt issue costs	539	104
Amortization of syndication contracts	290	272
Payments on syndication contracts	(480)	(704)
Equity in net income (loss) of nonconsolidated affiliate		121
Non-cash stock-based compensation	363	459
(Gain) loss on equity investment	(687)	
Change in fair value of interest rate swap agreements		(3,930)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:		
(Increase) decrease in accounts receivable	6,807	5,040
(Increase) decrease in prepaid expenses and other assets	(598)	(92)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(10,627)	112
Cash flows from operating activities	\$ (3,455)	\$ 5,134

Consolidated Operations

Net Revenue. Net revenue increased to \$44.0 million for the three-month period ended March 31, 2011 from \$43.1 million for the three-month period ended March 31, 2010, an increase of \$0.9 million. The increase came from our television segment and was attributable to an increase in retransmission consent revenue, partially offset by a decrease in advertising revenue.

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We currently anticipate that net revenue will increase for the full year 2011, primarily due to increased advertising revenue and increased retransmission consent revenue. However, we believe that we will continue to face a challenging advertising environment in 2011 as our advertising customers continue to make difficult choices in the current uncertain economic environment. Additionally, we will not benefit from periodic events such as the World Cup or political advertising that positively impacted advertising revenue in 2010.

Direct Operating Expenses. Direct operating expenses were \$20.8 million for each of the three-month periods ended March 31, 2011 and 2010. Direct operating expenses from our radio segment increased by \$0.4 million. The increase was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011, expenses associated with LER and an increase in ratings expense. The increase from our radio segment was offset by a \$0.4 million decrease from our television segment and was primarily attributable to a decrease in salary expense due to reductions of personnel and other cost reduction measures, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011. As a percentage of net revenue, direct operating expenses decreased to 47% for the three-month period ended March 31, 2011 from 48% for the three-month period ended March 31, 2010. Direct operating expenses as a percentage of net revenue decreased because net revenue increased while direct operating expenses remained constant.

We believe that direct operating expenses will increase during 2011 primarily as a result of the partial restoration of employee salaries during the first quarter of 2011 and expenses associated with LER. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to \$9.2 million for the three-month period ended March 31, 2011 from \$9.1 million for the three-month period ended March 31, 2010, an increase of \$0.1 million. The increase came from our television segment and was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011. As a percentage of net revenue, selling, general and administrative expenses remained at 21% for each of the three-month periods ended March 31, 2011 and 2010. Selling, general and administrative expenses as a percentage of net revenue were flat because the increase in net revenue matched the increase in selling, general and administrative expenses.

We believe that selling, general and administrative expenses will increase during 2011 primarily as a result of the partial restoration of employee salaries during the first quarter of 2011. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Corporate Expenses. Corporate expenses were \$3.7 million for each of the three-month periods ended March 31, 2011 and 2010. As a percentage of net revenue, corporate expenses remained at 9% for each the three-month periods ended March 31, 2011 and 2010.

We believe that corporate expenses will increase during 2011 primarily as a result of the partial restoration of employee salaries during the first quarter of 2011 and increased professional fees.

Depreciation and Amortization. Depreciation and amortization was \$4.7 million for each of the three-month periods ended March 31, 2011 and 2010.

Operating Income. As a result of the above factors, operating income was \$5.5 million for the three-month period ended March 31, 2011, compared to \$4.8 million for the three-month period ended March 31, 2010.

Interest Expense. Interest expense increased to \$9.4 million for the three-month period ended March 31, 2011 from \$5.5 million for the three-month period ended March 31, 2010, an increase of \$3.9 million. The increase in interest expense was primarily attributable to the change in the fair value of our interest rate swap agreements during the three-month period ended March 31, 2010. Those interest rate swap agreements were terminated in July 2010.

Income Tax Expense. Income tax expense for the three-month period ended March 31, 2011 was \$1.2 million. The effective income tax rate was lower than our expected statutory rate of approximately 38% due to changes in the valuation allowance and deductions attributable to indefinite-lived intangibles. Income tax expense for the three-month period ended March 31, 2010 was \$1.4 million. The effective income tax rate was higher than our expected statutory rate of approximately 38% due to changes in the valuation allowance and deductions attributable to indefinite-lived intangibles.

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As of March 31, 2011, we believe that our deferred tax assets will not be fully realized in the future and we are providing a full valuation allowance against those deferred tax assets. In determining our deferred tax assets subject to a valuation allowance, we excluded the deferred tax liabilities attributable to indefinite-lived intangibles.

Segment Operations

Television

Net Revenue. Net revenue in our television segment increased to \$30.7 million for the three-month period ended March 31, 2011 from \$29.6 million for the three-month period ended March 31, 2010, an increase of \$1.1 million. The increase was attributable to retransmission consent revenue, partially offset by a decrease in advertising revenue. We generated a total of \$4.2 million and \$3.1 million in retransmission consent revenue for the three-month periods ended March 31, 2011 and 2010, respectively. We anticipate that retransmission consent revenue for the full year 2011 will be greater than it was for the full year 2010 and will continue to be a growing source of net revenues in future periods.

Direct Operating Expenses. Direct operating expenses in our television segment decreased to \$12.7 million for the three-month period ended March 31, 2011 from \$13.0 million for the three-month period ended March 31, 2010, a decrease of \$0.3 million. The decrease was primarily attributable to a decrease in salary expense due to reductions of personnel and other cost reduction measures, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our television segment increased to \$5.2 million for the three-month period ended March 31, 2011 from \$4.9 million for the three-month period ended March 31, 2010, an increase of \$0.3 million. The increase was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011.

Radio

Net Revenue. Net revenue in our radio segment was \$13.4 million for each of the three-month periods ended March 31, 2011 and 2010.

Direct Operating Expenses. Direct operating expenses in our radio segment increased to \$8.2 million for the three-month period ended March 31, 2011 from \$7.7 million for the three-month period ended March 31, 2010, an increase of \$0.5 million. The increase was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011, expenses associated with LER and an increase in ratings expense.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our radio segment were \$4.1 million for each of the three-month periods ended March 31, 2011 and 2010.

Liquidity and Capital Resources

While we have a history of operating losses in some periods and operating income in other periods, we also have a history of generating significant positive cash flows from our operations. Although we had net losses of approximately \$18.1 million and \$50.1 million for the years ended December 31, 2010 and 2009, respectively, we had positive cash flow from operations of \$37.1 million and \$18.8 million for the years ended December 31, 2010 and 2009, respectively. Although we reported negative cash flow from operations of \$3.5 million for the three-month period ended March 31, 2011, we expect to have positive cash flow from operations for the 2011 year. We expect to fund our working capital requirements, capital expenditures and payments of principal and interest on outstanding indebtedness, with cash on hand and cash flows from operations. We currently anticipate that funds generated from operations and available borrowings under our 2010 Credit Facility will be sufficient to meet our anticipated cash requirements for at least the next twelve months.

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Notes

On July 27, 2010, we completed the offering and sale of \$400 million aggregate principal amount of our Notes. The Notes were issued at a discount of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. We received net proceeds of approximately \$388 million from the sale of the Notes (net of bond discount of \$5 million and fees of \$7 million), which were used to pay all indebtedness outstanding under our previous syndicated bank credit facility, terminate the related interest rate swap agreements, pay fees and expenses related to offering of the Notes and for general corporate purposes.

The Notes are guaranteed on a senior secured basis by all of our existing and future wholly-owned domestic subsidiaries (the Note Guarantors). The Notes and the guarantees rank equal in right of payment to all of our and the guarantors' existing and future senior indebtedness and senior in right of payment to all of our and the Note Guarantors' existing and future subordinated indebtedness. In addition, the Notes and the guarantees are effectively junior: (i) to our and the Note Guarantors' indebtedness secured by assets that are not collateral; (ii) pursuant to an Intercreditor Agreement entered into at the same time that we entered into the 2010 Credit Facility described below; and (iii) to all of the liabilities of any of our existing and future subsidiaries that do not guarantee the Notes, to the extent of the assets of those subsidiaries. All of our assets, as well as the pledge of the stock of substantially all of our subsidiaries, including the Company.

At our option, we may redeem:

prior to August 1, 2013, on one or more occasions, up to 10% of the original principal amount of the Notes during each 12-month period beginning on August 1, 2010, at a redemption price equal to 103% of the principal amount of the Notes, plus accrued and unpaid interest;

prior to August 1, 2013, on one or more occasions, up to 35% of the original principal amount of the Notes with the net proceeds from certain equity offerings, at a redemption price of 108.750% of the principal amount of the Notes, plus accrued and unpaid interest; provided that: (i) at least 65% of the aggregate principal amount of all Notes issued under the Indenture remains outstanding immediately after such redemption; and (ii) such redemption occurs within 60 days of the date of closing of any such equity offering;

prior to August 1, 2013, some or all of the Notes may be redeemed at a redemption price equal to 100% of the principal amount of the Notes plus a "make-whole" premium plus accrued and unpaid interest; and

on or after August 1, 2013, some or all of the Notes may be redeemed at a redemption price of: (i) 106.563% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2013; (ii) 104.375% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2014; (iii) 102.188% of the principal amount of the Notes if redeemed during the twelve-month period beginning on August 1, 2015; and (iv) 100% of the principal amount of the Notes if redeemed on or after August 1, 2016, in each case plus accrued and unpaid interest.

In addition, upon a change of control, as defined in the Indenture, we must make an offer to repurchase all Notes then outstanding, at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest.

Upon an event of default, as defined in the Indenture, the Notes will become due and payable: (i) immediately without further notice if such event of default arises from events of bankruptcy or insolvency of the Company, any Note Guarantor or any restricted subsidiary; or (ii) upon a declaration of acceleration of the Notes in writing to the Company by the Trustee or holders representing 25% of the aggregate principal amount of the Notes then outstanding, if an event of default occurs and is continuing. The Indenture contains additional provisions that are customary for an agreement of this type, including indemnification by us and the Note Guarantors.

2010 Credit Facility

On July 27, 2010, we also entered into a new \$50 million revolving credit facility (our 2010 Credit Facility) and terminated the amended syndicated bank credit facility agreement. Our 2010 Credit Facility consists of a three-year \$50 million revolving credit facility that expires on July 27, 2013, which includes a \$3 million sub-facility for letters of credit. In addition, we may increase the aggregate principal amount of our

2010 Credit Facility by up to an additional \$50 million, subject to our satisfying certain conditions.

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Borrowings under our 2010 Credit Facility bear interest at either: (i) the Base Rate (as defined in the agreement governing our 2010 Credit Facility (the Credit Agreement)) plus a margin of 3.375% per annum; or (ii) LIBOR plus a margin of 4.375% per annum. We have not drawn on our 2010 Credit Facility.

Our 2010 Credit Facility is guaranteed on a senior secured basis by all of our existing and future wholly-owned domestic subsidiaries (the Credit Guarantors), which are also the Note Guarantors (collectively, the Guarantors). Our 2010 Credit Facility is secured on a first priority basis by our and the Credit Guarantors' assets, which also secure the Notes. Our borrowings, if any, under our 2010 Credit Facility rank senior to the Notes upon the terms set forth in the Intercreditor Agreement that we entered into in connection with our 2010 Credit Facility.

The Credit Agreement also requires compliance with certain financial covenants, relating to total leverage ratio, fixed charge coverage ratio, cash interest coverage ratio and revolving credit facility leverage ratio. The covenants become increasingly restrictive in the later years of our 2010 Credit Facility.

Upon an event of default, as defined in the Credit Agreement, the lenders may, among other things, suspend or terminate their obligation to make further loans to us and/or declare all amounts then outstanding under our 2010 Credit Facility to be immediately due and payable. The Credit Agreement also contains additional provisions that are customary for an agreement of this type, including indemnification by us and the Credit Guarantors.

In connection with our entering into the Indenture and the Credit Agreement, we and the Guarantors also entered into the following agreements:

A Security Agreement, pursuant to which we and the Guarantors each granted a first priority security interests in the collateral securing the Notes and our 2010 Credit Facility for the benefit of the holders of the Notes and the lenders under our 2010 Credit Facility; and

An Intercreditor Agreement, in order to define the relative rights of the holders of the Notes and the lenders under our 2010 Credit Facility with respect to the collateral securing our and the Guarantors' respective obligations under the Notes and our 2010 Credit Facility; and

A Registration Rights Agreement, pursuant to which we registered the Notes and successfully conducted an exchange offering for the Notes in unregistered form, as originally issued.

Subject to certain exceptions, both the Indenture and the Credit Agreement contain various provisions that limit our ability, among other things, to:

incur additional indebtedness;

incur liens;

merge, dissolve, consolidate, or sell all or substantially all of our assets;

make certain investments;

make certain restricted payments;

declare certain dividends or distributions or repurchase shares of our capital stock;

enter into certain transactions with affiliates; and

change the nature of our business.

In addition, the Indenture contains various provisions that limit our ability to:

apply the proceeds from certain asset sales other than in accordance with the terms of the Indenture; and

restrict dividends or other payments from subsidiaries.

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In addition, the Credit Agreement contains various provisions that limit our ability to:

dispose of certain assets; and

amend our or any guarantor's organizational documents of the Company in any way that is materially adverse to the lenders under our 2010 Credit Facility.

Moreover, if we fail to comply with any of the financial covenants or ratios under our 2010 Credit Facility, our lenders could:

Elect to declare all amounts borrowed to be immediately due and payable, together with accrued and unpaid interest; and/or

Terminate their commitments, if any, to make further extensions of credit.

In addition, if our total leverage ratio exceeds 6.50 to 1.00 as of the end of the most recently completed fiscal quarter, the maximum principal outstanding amount of all loans under our 2010 Credit Facility cannot exceed \$25.0 million. In the event that the maximum principal outstanding amount exceeds \$25.0 million in that case, we must immediately prepay outstanding revolving loans in an amount sufficient to eliminate such excess.

Debt and Equity Financing

On November 1, 2006, our Board of Directors approved a \$100 million stock repurchase program. We were authorized to repurchase up to \$100 million of our outstanding Class A common stock from time to time in open market transactions at prevailing market prices, block trades and private repurchases. On April 7, 2008, our Board of Directors approved an additional \$100 million stock repurchase program. We have repurchased a total of 20.8 million shares of Class A common stock for approximately \$120.3 million under both plans from inception through March 31, 2011. We are currently restricted from making future repurchases of shares of our common stock under the terms of the Indenture and the Credit Agreement.

Consolidated Adjusted EBITDA

Consolidated adjusted EBITDA (as defined below) increased to \$10.4 million for the three-month period ended March 31, 2011 from \$9.5 million for the three-month period ended March 31, 2010, an increase of \$0.9 million, or 9%. As a percentage of net revenue, consolidated adjusted EBITDA increased to 24% for the three-month period ended March 31, 2011 from 22% for the three-month period ended March 31, 2010.

We define consolidated adjusted EBITDA as net income (loss) plus gain (loss) on sale of assets, depreciation and amortization, non-cash impairment charge, non-cash stock-based compensation included in operating and corporate expenses, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax benefit (expense), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization less syndication programming payments. We use the term consolidated adjusted EBITDA because that measure is defined in our syndicated bank credit facility and does not include gain (loss) on sale of assets, depreciation and amortization, non-cash impairment charge, non-cash stock-based compensation, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax expense (benefit), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization and does include syndication programming payments.

Since our ability to borrow from our 2010 Credit Facility is based on a consolidated adjusted EBITDA financial covenant, we believe that it is important to disclose consolidated adjusted EBITDA to our investors. Our 2010 Credit Facility contains certain financial covenants relating to the maximum allowed leverage ratio, maximum revolving credit leverage ratio, minimum cash interest coverage ratio and minimum fixed charge coverage ratio. The maximum allowed leverage ratio, or the ratio of consolidated total debt to trailing-twelve-month consolidated adjusted EBITDA, affects our ability to borrow from our 2010 Credit Facility. Under our 2010 Credit Facility, our maximum allowed leverage ratio may not exceed 7.00 to 1. The actual leverage ratio was as follows (in each case as of March 31): 2011, 6.2 to 1; 2010, 6.2 to 1. Therefore, we were in compliance with this covenant at each of those dates. We entered into our 2010 Credit Facility in July 2010, so we were not subject to the same calculations and covenants in prior years. However, for consistency of presentation, the foregoing historical ratios assume that the

current covenant had been applicable for all periods presented.

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While many in the financial community and we consider consolidated adjusted EBITDA to be important, it should be considered in addition to, but not as a substitute for or superior to, other measures of liquidity and financial performance prepared in accordance with accounting principles generally accepted in the United States of America, such as cash flows from operating activities, operating income and net income. As consolidated adjusted EBITDA excludes non-cash gain (loss) on sale of assets, non-cash depreciation and amortization, non-cash impairment charge, non-cash stock-based compensation expense, net interest expense, gain on equity investment, loss on debt extinguishment, loss from discontinued operations, income tax benefit (expense), equity in net income (loss) of nonconsolidated affiliate, non-cash losses and syndication programming amortization and includes syndication programming payments, consolidated adjusted EBITDA has certain limitations because it excludes and includes several important non-cash financial line items. Therefore, we consider both non-GAAP and GAAP measures when evaluating our business. Consolidated adjusted EBITDA is also used to make executive compensation decisions.

Consolidated adjusted EBITDA is a non-GAAP measure. For a reconciliation of consolidated adjusted EBITDA to cash flows from operating activities, its most directly comparable GAAP financial measure, please see page 21.

Cash Flow

Net cash flow used in operating activities was \$3.5 million for the three-month period ended March 31, 2011 compared to net cash flow provided by operating activities of \$5.1 million for the three-month period ended March 31, 2010. We had net loss of \$4.4 million for the three-month period ended March 31, 2011. Our net loss for the three-month period ended March 31, 2011 was primarily the result of non-cash expenses, including depreciation and amortization expense of \$4.7 million. Our net loss of \$2.2 million for the three-month period ended March 31, 2010, was primarily the result of non-cash expenses, including depreciation and amortization expense of \$4.7 million. We expect to have positive cash flow from operating activities for the 2011 year.

Net cash flow used in investing activities was \$2.9 million for the three-month period ended March 31, 2011, compared to \$2.7 million for the three-month period ended March 31, 2010. During the three-month period ended March 31, 2011, we spent \$2.5 million on net capital expenditures and \$0.4 million related to the acquisition of LER. During the three-month period ended March 31, 2010, we spent \$2.7 million on net capital expenditures. We anticipate that our capital expenditures will be approximately \$8 million during the full year 2011. The amount of our anticipated capital expenditures may change based on future changes in business plans, our financial condition and general economic conditions. We expect to fund these capital expenditures with cash on hand and net cash flow from operations.

Net cash flow used in financing activities was \$3.7 million for the three-month period ended March 31, 2010. During the three-month period ended March 31, 2010, we made debt payments of \$3.5 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**General**

Market risk represents the potential loss that may impact our financial position, results of operations or cash flows due to adverse changes in the financial markets. We are not exposed to market risk from changes in the base rates as our debt is at a fixed rate. Since we pay interest at a fixed rate, any future increase in the variable interest rate would not affect our interest expense payments under the Notes. Our current policy prohibits entering into derivatives or other financial instrument transactions for speculative purposes.

Interest Rates

On July 27, 2010, we completed the offering and sale of \$400 million aggregate principal amount of our Notes. The Notes were issued at a discount of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. We received net proceeds of approximately \$388 million from the sale of the Notes (net of bond discount of \$5 million and fees of \$7 million), which were used to pay all indebtedness outstanding under our previous syndicated bank credit facility, terminate the related interest rate swap agreements, pay fees and expenses related to offering of the Notes and provide capital for general corporate purposes.

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ITEM 4. CONTROLS AND PROCEDURES

We conducted an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of the evaluation date, our disclosure controls and procedures were effective.

Our disclosure controls and procedures are designed to ensure that the information relating to our company, including our consolidated subsidiaries, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow for timely decisions regarding required disclosure.

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

There have not been any changes in our internal control over financial reporting during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We currently and from time to time are involved in litigation incidental to the conduct of our business, but we are not currently a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on us.

ITEM 1A. RISK FACTORS

No material change.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

Not applicable

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ITEM 6. EXHIBITS

The following exhibits are attached hereto and filed herewith:

- 31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
- 31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
- 32 Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENTRAVISION COMMUNICATIONS CORPORATION

By: */s/* CHRISTOPHER T. YOUNG
Christopher T. Young

Executive Vice President, Treasurer

and Chief Financial Officer

Date: May 6, 2011

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EXHIBIT INDEX

Exhibit

Number	Description of Exhibit
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
32	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.