

ENTRAVISION COMMUNICATIONS CORP
Form 10-K
March 11, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

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

For the Fiscal Year Ended December 31, 2012

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

ENTRA VISION COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

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, including zip code)

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

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

Title of each class
Class A Common Stock

Name of each exchange on which registered
The New York Stock Exchange

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

None

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

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

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" 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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2012 was approximately \$76,622,434 (based upon the closing price for shares of the registrant's Class A common stock as reported by The New York Stock Exchange for the last trading date prior to that date).

As of March 1, 2013, there were 54,861,160 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.

Portions of the registrant's Proxy Statement for the 2012 Annual Meeting of Stockholders scheduled to be held on May 30, 2012 are incorporated by a reference in Part III hereof.

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FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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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 \$324 million aggregate principal amount of 8.750% senior secured first lien notes due 2017, or the Notes, and the amended and restated agreement dated as of December 20, 2012, or the amended Credit Agreement, which governs our credit facility, the terms of 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 amended 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;

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

subject to restrictions contained in the Indenture and the amended 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 economic uncertainty;

the impact of any potential 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 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 Risk Factors, beginning at page 26 below.

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ITEM 1. BUSINESS

The discussion of our business is as of the date of filing this report, unless otherwise indicated.

Overview

Introduction

Entravision Communications Corporation and its wholly-owned subsidiaries, or Entravision, is a diversified Spanish-language media company utilizing a combination of television and radio operations, together with mobile, digital and other interactive media platforms, to reach Hispanic consumers across the United States, as well as the border markets of Mexico. With the purchase of Univision in 2007 by a private equity consortium, we believe that we are now the largest independent public media company focused principally on the U.S. Hispanic audience.

We own and/or operate 56 primary television stations located primarily in California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C. Entravision is the largest affiliate group of both the top-ranked Univision television network and Univision's UniMás network, with television stations in 19 of the nation's top 50 U.S. Hispanic markets. Univision's primary network is the most watched television network (English- or Spanish-language) among U.S. Hispanic households during primetime. Univision is a key source of programming for our television broadcasting business and we consider it to be a valuable strategic partner of ours. For a more complete discussion of our relationship with Univision, please see [Our Relationship with Univision](#) and [Television Television Programming](#) below and [Management's Discussion and Analysis of Financial Condition and Results of Operations Overview](#); and for a discussion of various risks related to our relationship with Univision, please see [Risk Factors](#).

We also own and operate one of the largest groups of primarily Spanish-language radio stations in the United States and a national sales representation firm. We own and operate 49 radio stations in 19 U.S. markets. Our radio stations consist of 38 FM and 11 AM stations located 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 that are entered into with Multichannel Video Programming Distributors, or MVPDs. 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. In addition, advertising revenue is generally higher during even-numbered years resulting from political advertising and every four years resulting from advertising aired during the World Cup (2010 and 2014).

We refer to the revenue generated by agreements with MVPDs 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 net revenue for the year ended December 31, 2012 was approximately \$223.3 million. Of that amount, revenue generated by our television segment accounted for approximately 70% and revenue generated by our radio segment accounted for approximately 30%.

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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.

Our principal executive offices are located at 2425 Olympic Boulevard, Suite 6000 West, Santa Monica, California 90404, and our telephone number is (310) 447-3870. Our corporate website is www.entravis.com.

We were organized as a Delaware limited liability company in January 1996 to combine the operations of our predecessor entities. On August 2, 2000, we completed a reorganization from a limited liability company to a Delaware corporation. On August 2, 2000, we also completed an initial public offering of our Class A common stock, which is listed on The New York Stock Exchange under the trading symbol EVC.

The Hispanic Market Opportunity in the United States

Our media assets target densely-populated and fast-growing Hispanic markets in the United States. We operate media properties in 15 of the 20 highest-density U.S. Hispanic markets. In addition, among the top 25 U.S. Hispanic markets, we operate media properties in 14 of the 20 fastest-growing markets. Despite the current uncertain economic environment, we believe that targeting the U.S. Hispanic market will translate into revenue growth in the future for the following reasons:

U.S. Hispanic Population Growth. Our audience consists primarily of Hispanics, one of the fastest-growing segments of the U.S. population and, by current U.S. Census Bureau estimates, now the largest minority group in the United States. Almost 52 million Hispanics live in the United States, accounting for over 16% of the total U.S. population. The overall Hispanic population is growing at over eight times the rate of the non-Hispanic population and is expected to grow to 85 million, or approximately 23% of the total U.S. population, by 2030. Approximately 68% of the total future growth in the U.S. population through 2030 is expected to come from the Hispanic community.

Spanish-Language Use. Approximately 76% of Hispanics age five and over in the United States speak some Spanish at home. The number of U.S. Hispanics that speak some Spanish at home is expected to grow from 34.3 million in 2010 to 56.6 million in 2030.

Increasing U.S. Hispanic Buying Power. The U.S. Hispanic population is estimated to have accounted for total consumer expenditures of over \$806 billion in 2010, an increase of 21% since 2005. Hispanics are expected to account for over \$1 trillion in consumer expenditures by 2015, and by 2025 Hispanics are expected to account for approximately \$2 trillion in consumer expenditures, or 14% of total U.S. consumer spending. Hispanic buying power is expected to grow at nearly three times the rate of the Hispanic population growth by 2025.

Attractive Profile of U.S. Hispanic Consumers. We believe that the demographic profile of the U.S. Hispanic audience makes it attractive to advertisers. We believe that the larger average size and younger average age of Hispanic households (averaging 3.4 persons and 29.3 years of age as compared to the U.S. non-Hispanic averages of 2.4 persons and 40.9 years of age) lead Hispanics to spend more per household on many categories of goods and services. Although the average U.S. Hispanic household has less disposable income than the average U.S. household, the average U.S. Hispanic household spends 7% more per year than the average U.S. non-Hispanic household on food at home, 80% more on children's clothing, 48% more on footwear, 29% more on laundry and household cleaning products and 23% more on mobile telephones. We expect Hispanics to continue to account for a disproportionate share of growth in spending nationwide in many important consumer categories as the U.S. Hispanic population and its disposable income continue to grow.

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Spanish-Language Advertising. Over \$5.7 billion of total advertising expenditures in the United States were placed with Spanish-language media in 2011, the most recent year for which we have such data, of which approximately 89% was placed with Spanish-language television and radio advertising.

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Business Strategy

We seek to increase our revenue through the following strategies:

Effectively Use Our Networks and Media Brands. We are the largest affiliate group of both the top-ranked Univision primary television network and Univision's UniMás network. According to Univision, its primary network posted primetime audience increases of approximately 1% among adults 18-49 years of age during the November 2012 sweeps period as compared to the November 2011 sweeps period, while English-language broadcast networks reported double-digit audience declines. Univision's primary network, together with its UniMás network, represented approximately a 74% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of November 2012. Univision makes its networks' Spanish-language programming available to our television stations 24 hours a day, including a prime time schedule on its primary network of substantially all first-run programming throughout the year.

We believe that the breadth and diversity of Univision's programming, combined with our local news and community-oriented segments, provide us with an advantage over other Spanish-language and English-language broadcasters in reaching U.S. Hispanic viewers. Our local content is designed to brand each of our stations as the best source for relevant community information that accurately reflects local interests and needs.

We operate our radio network using four formats designed to appeal to different listener tastes. We format the programming of our network and radio stations in an effort to capture a substantial share of the U.S. Hispanic audience in each of our radio markets. In markets where competing stations already offer programming similar to our network formats, or where we otherwise identify an available niche in the marketplace, we run alternative programming that we believe will appeal to local listeners.

Invest in Media Research and Sales. We believe that continued use of industry-accepted ratings and surveys will allow us further to increase our advertising rates. We use standard industry ratings and surveys from third parties, including Nielsen Media Research and Arbitron to provide a more accurate measure of consumers. We believe that our focused research and sales efforts will enable us to continue to achieve significant revenue and cash flow growth.

Continue to Benefit from Strong Management. We believe that we have one of the most experienced management teams in the industry. Walter Ulloa, our co-founder, Chairman and Chief Executive Officer and Jeffery Liberman, our Chief Operating Officer, have an average of more than 30 years of media experience. We intend to retain our key management personnel and capitalize on their knowledge and experience in the Spanish-language markets.

Emphasize Local Content, Programming and Community Involvement. We believe that local content and service to the community in each of our markets is an important part of building our brand identity within those markets. By combining our local news, local content and quality network programming, we believe that we have a significant competitive advantage. We also believe that our active community involvement, including station remote broadcasting appearances at client events, concerts and tie-ins to major events, helps to build station awareness and identity as well as viewer and listener loyalty.

Take Advantage of Market Cross-Selling and Cross-Promotion. We believe that our uniquely diversified media asset portfolio provides us with a competitive advantage in targeting the U.S. Hispanic consumer. In many of our markets, we offer advertisers the ability to reach potential customers through a combination of television and radio. Currently, we operate some combination of television and radio in 11 markets. Where

possible, we also combine our television and radio operations to create synergies and achieve cost savings.

Target Other Attractive U.S. Hispanic Markets and Fill-In Acquisitions. We believe that our knowledge of, and experience with, the U.S. Hispanic marketplace will enable us to identify acquisitions in the television and radio markets. Since our inception, we have used our management expertise, programming, local involvement

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and brand identity to improve our acquired media properties. Please see [Acquisition and Disposition Strategies](#) below. However, we are currently subject to certain limitations on acquisitions under the terms of the Indenture and the amended Credit Agreement. Please see [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) [Liquidity and Capital Resources](#) below.

Acquisition and Disposition Strategies

Historically, our acquisition strategy has been focused on increasing our presence in those markets in which we already compete, as well as expanding our operations into U.S. Hispanic markets where we do not own properties. We have targeted fast-growing and high-density U.S. Hispanic markets. These have included many markets in the southwestern United States, including Texas, California and various other markets along the United States/Mexican border. In addition, we have pursued other acquisition opportunities in key strategic markets, or those which otherwise supported our long-term growth plans.

One of our goals has been to create and grow media clusters within these target markets, featuring both Univision and UniMás television stations, together with a strong radio presence. We believe that these clusters provide unique cross-selling and cross-promotional opportunities, making Entravision an attractive option for advertisers wishing to reach the U.S. Hispanic consumer. Accordingly, in addition to targeting stations in U.S. Hispanic markets where we do not own properties, we have focused on potential acquisitions of additional stations in our existing markets, particularly radio stations in those markets where we currently have only television stations.

We are subject to certain limitations on acquisitions under the terms of the Indenture and the amended Credit Agreement. We cannot at this time determine the effect that these limitations will have on our acquisition strategy or our overall business. Please see [Risk Factors](#) and [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) [Liquidity and Capital Resources](#) below.

In addition, we periodically review our portfolio of media properties and, from time to time, seek to divest non-core assets in markets where we do not see the opportunity to grow to scale and build out clusters. We are subject to certain limitations on divestitures under the terms of the amended Credit Agreement. We cannot at this time determine the effect that these limitations will have on our disposition strategy or our overall business. Please see [Risk Factors](#) and [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) [Liquidity and Capital Resources](#) .

We have a history of net losses in some years and net income in other years that may impact, among other things, our ability to implement our growth strategies. We had net income of approximately \$13.6 million for the year ended December 31, 2012 and net losses of approximately \$8.2 million, and \$18.1 million for the years ended December 31, 2011 and 2010, respectively.

Our Relationship with Univision

Substantially all of our television stations are Univision- or UniMás-affiliated television stations. Our network affiliation agreements, as amended, with Univision provide certain of our owned stations the exclusive right to broadcast Univision's primary network and UniMás 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, we generally retain the right to sell approximately six minutes per hour of the available advertising time on Univision's primary network, and approximately four and a half minutes per hour of the available advertising time on the UniMás network. Those allocations are subject to adjustment from time to time by

Univision.

Under the network affiliation agreements, Univision acts as our exclusive sales representative for the sale of national advertising on our Univision- and UniMás-affiliate television stations, and we pay certain sales representation fees to Univision relating to sales of all advertising for broadcast on our Univision- and UniMás-affiliate television stations.

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We also generate revenue under two marketing and sales agreements with Univision, which give us the right through 2021 to manage the marketing and sales operations of Univision-owned UniMás and Univision affiliates in six markets: Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C.

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 UniMás-affiliated television station signals for a term of six years, expiring in December 2014. 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. During the years ended December 31, 2012 and 2011, retransmission consent revenue accounted for approximately \$20.2 million and \$17.1 million, respectively.

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.

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.

Television

Overview

We own and/or operate Univision-affiliated television stations in 24 markets, including 19 of the top 50 Hispanic markets in the United States. Our television operations are the largest affiliate group of the Univision networks. Univision's primary network is the leading Spanish-language network in the United States, reaching approximately 96% of all U.S. Hispanic households, and is the most watched television network (English- or Spanish-language) among U.S. Hispanic households during prime time. Univision's primary network, together with its UniMás network, represent approximately a 74% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of November 2012. We operate both Univision and UniMás affiliates in 20 of our 24 television markets. Univision's networks make their Spanish-language programming available to our Univision-affiliated stations 24 hours a day, seven days a week. Univision's prime time schedule on its primary network consists of substantially all first-run programming throughout the year.

Television Programming

Univision Primary Network Programming. Univision directs its programming primarily toward a young, family-oriented audience. It begins daily with *Despierta America*, a drama show and another talk show, Monday through Friday, followed by novelas. In the late afternoon and early evening, Univision offers an entertainment

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magazine, a news magazine and national news, in addition to local news produced by our television stations. During prime time, Univision airs novelas, as well as specials. Prime time is followed by late news. Overnight programming consists primarily of repeats of programming aired previously on the network. Weekend daytime programming begins with children's programming, and is generally followed by sports, reality, comedy shows and movies.

Approximately eight to ten hours of programming per weekday, including a substantial portion of weekday prime time, are currently programmed with novelas supplied primarily by Grupo Televisa, S.A. de C.V., or Televisa, and Corporacion Venezolana de Television, C.A., or Venevision. Although novelas have been compared to daytime soap operas on ABC, NBC or CBS, the differences are significant. Novelas, originally developed as serialized books, have a beginning, middle and end, generally run five days per week and conclude four to eight months after they begin. Novelas also have a much broader audience appeal than soap operas, delivering audiences that contain large numbers of men, children and teens, in addition to women.

UniMás Network Programming. Univision's other 24-hour general-interest Spanish-language broadcast network, UniMás, is programmed to meet the diverse preferences of the multi-faceted U.S. Hispanic community. UniMás's programming includes sports (including boxing, soccer and a nightly wrap-up at 11 p.m. similar to ESPN's programming), movies (including a mix of English-language movies translated into Spanish) and novelas not run on Univision's primary network, as well as reruns of popular novelas broadcast on Univision's primary network.

Entravision Local Programming. We believe that our local news brands our stations in our television markets. We shape our local news to relate to and inform our audiences. In 12 of our television markets, our early local news is ranked first or second among competing local newscasts regardless of language in its designated time slot among adults 18-34 years of age. We have made substantial investments in people and equipment in order to provide our local communities with quality newscasts. Our local newscasts have won numerous awards, and we strive to be the most important community voice in each of our local markets. In several of our markets, we believe that our local news is the only significant source of Spanish-language daily news for the Hispanic community.

Network Affiliation Agreements. Substantially all of our television stations are Univision- or UniMás-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 UniMás 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 affiliation agreements, we generally retain the right to sell approximately six minutes per hour of the available advertising time on Univision's primary network, and approximately four and a half minutes per hour of the available advertising time on the UniMás network. Those allocations are subject to adjustment from time to time by Univision.

XHAS-TV broadcasts Telemundo Network Group LLC, or Telemundo, network programming serving the Tijuana/San Diego market pursuant to a network affiliation agreement. Our current network affiliation agreement with Telemundo gives us the right to provide Telemundo network programming on XHAS-TV through June 2017. The affiliation agreement grants Telemundo a right of first refusal in the event a third party makes an offer to purchase XHAS-TV, and a right to purchase XHAS-TV upon a change of control of Entravision.

Our network affiliation agreement with Fox Broadcasting Company, or Fox, gives us the right to broadcast Fox network programming on KFXV-LD, serving the Matamoros/Harlingen-Weslaco-Brownsville-McAllen market, and KXOF-CA, serving the Laredo market, through December 31, 2017. The network affiliation agreement may be extended for successive one-year terms at Fox's option, subject to our consent.

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Our network affiliation agreement with MundoFox Broadcasting LLC, or MundoFox, gives us the right to broadcast MundoFox network programming on XHRIO-TV, serving the Matamoros/Harlingen-Weslaco-

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Brownsville-McAllen market, the secondary program stream of KXOF-CA, serving the Laredo market, the secondary program stream of KTFN-TV, serving the El Paso market, the secondary program stream of XDTV-TV, serving the Tecate/San Diego market, and the secondary program stream of KAJB-TV, serving the Yuma-El Centro market through July 31, 2016.

We also have an agreement with Master Distribution Service, Inc., an affiliate of Fox, which gives us the right to provide ten hours per week of MyNetworkTV programming on KFXV-LD, KXOF-CA and XDTV-TV, serving the Tecate/San Diego market. This agreement expires in October 2014 and may be extended for successive one-year periods.

Our network affiliation agreement with The CW Network, LLC, or CW, gives us the right to broadcast CW network programming on KCWT-CA, and KNVO-DT serving the Harlingen-Weslaco-Brownsville-McAllen market, and KRNS-CA and KREN-DT, serving the Reno, Nevada market, through 2013.

Our network affiliation agreement with LATV Networks, LLC, or LATV, gives us the right to broadcast LATV network programming on the digital streams of certain of our television stations. Either party may terminate the affiliation with respect to a given station 30 months after the launch of such station. For a more complete discussion of this agreement, please see Note 12 to Notes to Consolidated Financial Statements.

We cannot guarantee that any of our current network affiliation agreements will be renewed beyond their respective expiration dates under their current terms, under other terms favorable to us, or at all.

Marketing Agreements. Our marketing and sales agreement with Univision gives us the right through 2021 to manage the marketing and sales operations of Univision-owned UniMás and Univision affiliates in six markets – Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C.

Long-Term Time Brokerage Agreements. We operate each of XDTV-TV, serving the Tecate/San Diego market; XHAS-TV, serving the Tijuana/San Diego market; and XHRIO-TV, serving the Matamoros/ Harlingen-Weslaco-Brownsville-McAllen market, under long-term time brokerage agreements. Under those agreements, in combination with certain of our Mexican affiliates and subsidiaries, we provide the programming and related services available on these stations, but the stations retain absolute control of the content and other broadcast issues. These long-term time brokerage agreements expire in 2030, 2035 and 2038, respectively, and each provides for automatic, perpetual 30-year renewals unless both parties consent to termination. Each of these agreements provides for substantial financial penalties should the other party attempt to terminate prior to its expiration without our consent, and they do not limit the availability of specific performance as a remedy for any such attempted early termination.

Table of Contents**Our Television Station Portfolio**

The following table lists information concerning each of our owned and/or operated television stations and its respective market:

Market	Market Rank (by Hispanic Households)	Total Households	Hispanic Households	% Hispanic Households	Call Letters	Principal Programming Stream
Harlingen-Weslaco-Brownsville-McAllen, Texas	10	364,160	312,810	85.9%	KNVO-TV	Univision
					KTFV-CD(1)	UniMás
					KFXV-LD	Fox
					KXFX-CA(1)	Fox
					KCWT-CA(1)	CW
San Diego, California	12	1,075,520	258,210	24.0%	KBNT-CD(1)	Univision
					KTCD-LP	Univision
					KHAX-LP	Univision
					KDTF-LP	UniMás
					KZTC-LP(2)	MundoFox
Albuquerque-Santa Fe, New Mexico	13	691,450	256,820	37.1%	KLUZ-TV	Univision
					KTFQ-TV(2)	UniMás
					KTFA-LP	Home Shopping Network
El Paso, Texas	15	339,130	248,530	73.3%	KINT-TV	Univision
					KTFN-TV	UniMás
Denver-Boulder, Colorado	16	1,566,460	240,170	15.3%	KCEC-TV	Univision
					KDVT-LP	LATV
					KTFD-TV(2)	UniMás
Orlando-Daytona Beach-Melbourne, Florida	17	1,453,170	232,940	16.0%	WVEN-TV	Univision
					W47DA	Univision
					WVCI-LP	Univision
Tampa-St. Petersburg (Sarasota), Florida	19	1,806,560	220,670	12.2%	WOTF-TV(2)	UniMás
					WVEA-TV	Univision
					WFTT-TV(2)	UniMás

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Washington, D.C. (Hagerstown, Maryland)	20	2,359,160	219,440	9.3%	WVEA-LP	Jewelry TV
					WFDC-TV(2)	Univision
					WMDO-CA(1)	UniMás
					WMDO-LD	UniMás
Las Vegas, Nevada	23	718,990	156,960	21.8%	WJAL-TV	English-Language
					KINC-TV	Univision
					KNTL-LP	Univision
					KWWB-LP	Univision
Boston, Massachusetts	24	2,366,690	155,770	6.6%	KELV-LD	UniMás
					WUNI-TV	Univision
					WUTF-TV(2)	UniMás
Corpus Christi, Texas	27	203,730	111,360	54.7%	KORO-TV	Univision
					KCRP-CA(1)	UniMás
Hartford-New Haven, Connecticut	29	996,550	97,350	9.8%	WUVN-TV	Univision
Monterey-Salinas-Santa Cruz, California	34	224,240	77,120	33.4%	WUTH-CA(1)	UniMás
					KSMS-TV	Univision
Laredo, Texas	36	72,590	68,850	94.8%	KDJT-CA(1)	UniMás
					KLDO-TV	Univision
					KETF-CD	UniMás
Yuma, Arizona-El Centro, California	36	113,230	68,850	60.8%	KXOF-CA(1)	Fox
					KVYE-TV	Univision
Odessa-Midland, Texas	39	147,730	60,580	41.0%	KAJB-TV(2)	UniMás
Colorado Springs-Pueblo, Colorado	42	343,990	58,280	16.9%	KUPB-TV	Univision
					KVSN-DT	Univision
					KGHB-CD(1)	UniMás
Santa Barbara-Santa Maria-San Luis Obispo, California	43	231,950	56,840	24.5%	KPMR-TV	Univision
					K17GD (1)	Univision
					K50LZ-D(1)	Univision
					KTSB-CA(1)	Univision
Palm Springs, California	45	154,560	54,090	35.0%	K10OG (1)	UniMás
					KVER-CA(1)	Univision
					KVES-LD	Univision
Lubbock, Texas	51	159,840	50,910	31.9%	KEVC-CA(1)	UniMás
					KBZO-LD	Univision

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Market	Market Rank (by			% Hispanic Households	Call Letters	Principal Programming Stream
	Hispanic Households)	Total Households	Hispanic Households			
Wichita-Hutchinson, Kansas	54	450,300	42,610	9.5%	KDCU-DT(3)	Univision
Reno, Nevada	59	265,600	37,710	14.2%	KREN-TV	Univision
					KNVV-LP	UniMás
					KRNS-CD(1)	CW
Springfield-Holyoke, Massachusetts	65	252,950	32,960	13.0%	WHTX-LP	Univision
San Angelo, Texas	88	55,820	16,790	30.1%	KEUS-LP	Univision
					KANG-CA(1)	UniMás
Tecate, Baja California, Mexico (San Diego)					XDTV-TV(4)	MyNetworkTV
Tijuana, Baja California, Mexico (San Diego)					XHAS-TV(4)	Telemundo
Matamoros, Tamaulipas, Mexico (Harlingen-Weslaco-Brownsville-McAllen)					XHRIO-TV(4)	MundoFox

Source: Nielsen Media Research 2013 universe estimates.

- (1) CA or CD in call letters indicates station is under Class A television service. Certain stations without this designation are also Class A stations.
- (2) We provide the sales and marketing function of this station under a marketing and sales arrangement.
- (3) We share operating services with another broadcast station in the same market under a shared services arrangement.
- (4) We hold a minority, limited voting interest (neutral investment) in the entity that directly or indirectly holds the broadcast license for this station. Through that entity, we provide the programming and related services available on this station under a time brokerage arrangement. The station retains control of the contents and other broadcast issues.

Digital Television Technology. As we develop our digital television transmission technology for our television stations, we will operate in an environment where we can decide the resolution and number of broadcast streams we provide in our over-the-air transmissions. Depending upon how high a resolution level with which we elect to transmit our programming, we are able to transmit over-the-air broadcast streams containing a total of from two to six program streams using the bandwidth authorized to each digital station. The transmission of such multiple programming streams is referred to as multicasting. We currently are multicasting network programming streams, primarily UniMás network programming and LATV network programming streams, at a number of our stations, along with our primary program streams. In addition, we are multicasting CW, Fox and MundoFox network programming in certain of our markets. We are evaluating these multicasting operations as well as the amount of bandwidth we must allocate to our primary program streams and may consider either expanding or limiting our multicasting operations, or keeping these multicasting operations substantially as at present.

Other Platforms. We also offer mobile, digital and other interactive media platforms and services, including local websites and social media, that provide users with news, information and other content.

Television Advertising

Approximately 86% of the revenue generated from our television operations is derived from local and national advertising.

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Local. Local advertising revenue is generated predominantly from advertising time sold to an advertiser or its agency that is placed from within a station's market or directly with a station's sales staff. Local advertising sales include sales to advertisers that are local businesses or advertising agencies, and regional and national businesses or advertising agencies, which place orders from within a station's market or directly with a station's sales staff. We employ our own local sales force that is responsible for soliciting local advertising sales directly from advertisers and their agencies. In 2012, local advertising accounted for approximately 41% of our total television revenue.

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National. National advertising revenue generally represents revenue from advertising time sold to an advertiser or its agency that is placed from outside a station's market. We typically engage national sales representative firms to work with our station sales managers and solicit national advertising sales, and we pay certain sales representation fees to these firms relating to national advertising sales. Under our network affiliation agreements with Univision, Univision acts as our sales representative for the sale of national advertising on our Univision and UniMás affiliate television stations, and advertisers which have purchased national advertising on these affiliate stations include Ford Motor Company, Obama For America, Chrysler Group LLC, McDonald's Corporation, Toyota Motor Corporation, Cox Communications, Inc., Nissan Motor Co., Ltd., Romney For President, Inc. and Honda Motor Co., Inc. We also added significant new national advertising accounts in 2012, including Bank of America Corporation, Culinary Workers Union Local 226, Hyundai Motor Company, Gregg Appliances, Inc., First 5 California and Caesars Entertainment Corporation, among others. Telemundo acts as our national sales representative for the sale of national advertising on our Telemundo affiliate station, and Petry Television acts as our national sales representative for the sale of national advertising on our stations that broadcast Fox, CW and MyNetworkTV network programming. In 2012, national advertising accounted for approximately 45% of our total television revenue.

Retransmission Consent Revenue

We also generate retransmission consent revenue from retransmission consent agreements that are entered into with MVPDs. This revenue represents payments from these entities for access to our television station signals so that they may rebroadcast our signals and charge their subscribers for this programming.

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 UniMás-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. The agreement also provides terms relating to compensation to be paid to us with respect to agreements that are entered into for the carriage of our Univision- and UniMás-affiliated television station signals.

In 2012, retransmission consent revenue accounted for approximately 13% of our total television revenue. We anticipate that retransmission consent revenue will continue to be a growing source of net revenues.

Network Revenue

Network compensation represents compensation for broadcasting network programming. In 2012, network compensation accounted for approximately 1% of our total television revenue.

Television Marketing/Audience Research

We derive our revenue primarily from selling advertising time. The relative advertising rates charged by competing stations within a market depend primarily on the following factors:

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the station's ratings (households or people viewing its programs as a percentage of total television households or people in the viewing area);

audience share (households or people viewing its programs as a percentage of households or people actually watching television at a specific time);

the demographic qualities of a program's viewers (primarily age and gender);

the demand for available air time;

the time of day the advertising will run;

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competitive conditions in the station's market, including the availability of other advertising media; and

general economic conditions, including advertisers' budgetary considerations.

Nielsen ratings provide advertisers with the industry-accepted measure of television viewing. Nielsen offers a ratings service measuring all television audience viewing. In recent years, Nielsen has modified the methodology of its ratings service in an effort to more accurately measure U.S. Hispanic viewing by using language spoken in the home as a control characteristic of its metered market sample. Nielsen has also added weighting by language as part of its local metered market methodology in many of our metered markets. Nielsen also continues to improve the methods by which it electronically measures television viewing, and has expanded its Local People Meter service to several of our markets. We believe that this improvement will continue to result in ratings gains for us, allowing us to further increase our advertising rates. We have made significant investments in experienced sales managers and account executives and have provided our sales professionals with research tools to continue to attract major advertisers.

Television Competition

We face intense competition in the broadcasting business. In each local television market, we compete for viewers and revenue with other local television stations, which are typically the local affiliates of the four principal English-language television networks, NBC, ABC, CBS and Fox and, in certain cities, the CW network. In certain markets (other than San Diego), we also compete with the local affiliates or owned and operated stations of Telemundo, the Spanish-language television network that was acquired by NBCUniversal in 2002, as well as TV Azteca, the second-largest producer of Spanish-language programming in the world.

We also directly or indirectly compete for viewers and revenue with both English- and Spanish-language independent television stations, other video media, suppliers of cable television programs, direct broadcast systems, newspapers, magazines, radio, applications for mobile media devices and other forms of entertainment and advertising. In addition, in certain markets we operate radio stations that indirectly compete for local and national advertising revenue with our television business.

We believe that our primary competitive advantages are the quality of the programming we receive through our affiliation with Univision and the quality of our local news. According to Univision, its primary network is one of the top five networks in the United States regardless of language, and it is the most-watched Spanish-language network in the United States during prime time. In addition, Univision's primary network and the UniMás network together have maintained superior audience ratings among all U.S. Hispanic households when compared to both Spanish-language and English-language broadcast networks. Similarly, our local news achieves strong audience ratings. In 12 of our television markets, our early local news is ranked first or second among competing local newscasts regardless of language in its designated time slot among adults 18-34 years of age.

Telemundo is the second-largest Spanish-language television network in the United States. As of December 31, 2012, Telemundo had total coverage reaching approximately 94% of all Hispanic households in its markets.

We also benefit from operating in different media: television and radio advertising. While we have not engaged in any significant cross-selling program, we do take advantage of opportunities for cross-promotion of our stations.

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Radio

Overview

We own and operate 49 radio stations (38 FM and 11 AM), 46 of which are located in the top 50 Hispanic markets in the United States. Our radio stations broadcast into markets with an aggregate of approximately 20 million U. S. Hispanics, which is approximately 41% of the Hispanic population in the United States. Our radio operations combine network and local programming with local time slots available for advertising, news, traffic, weather, promotions and community events. This strategy allows us to provide quality programming with significantly lower costs of operations than we could otherwise deliver solely with independent programming.

Radio Programming

Radio Networks. Our radio networks broadcast into 16 of the 19 markets that we serve. Our networks allow advertisers with national product distribution to deliver a uniform advertising message to the growing Hispanic market around the country in an efficient manner and at a cost that is generally lower than our English-language counterparts.

Although our networks have a broad geographic reach, technology allows our stations to offer the necessary local feel and to be responsive to local clients and community needs. Designated time slots are used for local advertising, news, traffic, weather, promotions and community events. The audience gets the benefit of a national radio sound along with local content. To further enhance this effect, our on-air personalities frequently travel to participate in local promotional events. For example, in selected key markets our on-air personalities appear at special events and client locations. We promote these events as remotes to bond the national personalities to local listeners. Furthermore, all of our stations can disconnect from the networks and operate independently in the case of a local emergency or a problem with our central MPLS transmission.

Radio Formats. Each of our four radio networks produce a music format that is simultaneously distributed via MPLS with a High Definition quality sound to our stations. Each of these formats appeals to different listener preferences:

La Tricolor is a personality-driven format that includes *Los Picudos de la Mañana* in 14 markets, *Erazno y La Chokolata* in the afternoon drive which airs on 14 of our stations and is syndicated on an additional 27 stations and Mexican country-style music that primarily targets male Hispanic listeners 18-49 years of age;

José: Nunca Sabes Lo Que Va A Tocar (You never know what he ll play) features a mix of Spanish-language adult contemporary and Mexican regional hits from the 1970s through the present, Alex Lucas in the mornings and play-by-play soccer coverage of the Mexican national team, including coverage of the 2014 World Cup, that targets Hispanic adults 25-54 years of age;

Maria: Siempre Romantica (Maria: Always Romantic) features a Spanish-language romantic ballads format targeting primarily Hispanic women 18-49 years of age; and

El Gato is an upbeat and energetic Mexican regional format targeting primarily Hispanic adults 18-34 years of age. In El Paso the format has a slightly different musical blend to reflect northern Mexican influences.

In addition, in markets where competing stations already offer programming similar to our network formats, or where we otherwise identify an available niche in the marketplace, we run alternative programming that we believe will appeal to local listeners, including the following:

In the Los Angeles market, we program *Super Estrella*, a music-driven, pop and alternative Spanish-rock format targeting primarily Hispanic adults 18-34 years of age;

In the McAllen market, we program a Mexican country-style music format that targets primarily Hispanic males 18-49 years of age;

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Also in the McAllen market, we program two English-language formats, a classic rock-oriented format that targets primarily males 18-49 years of age and a hit-based adult contemporary format targeting primarily women 18-49 years of age;

In the Orlando market, we program *Salsa 98.1* , a Spanish-language tropical hits format that features salsa, merengue and bachata and targets Hispanic adults 25-54 years of age;

In the Sacramento market, we offer two English-language formats, a rhythmic contemporary hit format targeting primarily females 18-34 years of age and a young country format targeting primarily adults 18-49 years of age; and

In the Phoenix, El Paso, Lubbock, Stockton, Houston and Albuquerque markets, we program *ESPN Deportes* , a Spanish-language sports talk format targeting primarily Hispanic adults 18-54 years of age, that is provided to us by a third party pursuant to a network affiliation agreement.

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Our Radio Station Portfolio

The following table lists information concerning each of our owned and operated radio stations and its respective market:

Market	Market Rank (by Hispanic Households)	Station	Frequency	Format	
Los Angeles-San Diego-Ventura, California	1			José	
				El Gato (1)	
				El Gato (1)	
		KLYY-FM	97.5	MHz	Super Estrella (1)
		KDLD-FM	103.1	MHz	
		KDLE-FM	103.1	MHz	Super Estrella (1)
		KSSC-FM	107.1	MHz	
		KSSD-FM	107.1	MHz	Super Estrella (1)
KSSE-FM	107.1	MHz			
Miami-Ft. Lauderdale-Hollywood, Florida	3	WLQY-AM	1320	kHz	Time Brokered (2)
Houston-Galveston, Texas	4	KGOL-AM	1180	kHz	Time Brokered (2)
Phoenix, Arizona	9			La Tricolor	
				José (1)	
		KLNZ-FM	103.5	MHz	José (1)
		KDVA-FM	106.9	MHz	
		KVVA-FM	107.1	MHz	ESPN Deportes (Spanish) Classic Rock (English)
		KBMB-AM	710	kHz	
Harlingen-Weslaco-Brownsville-McAllen, Texas	10			Mexican Regional	
		KFRQ-FM	94.5	MHz	José
		KKPS-FM	99.5	MHz	
		KNVO-FM	101.1	MHz	Adult Contemporary (English)
		KVLY-FM	107.9	MHz	
Sacramento, California	11			La Tricolor	
				Country (English)	
				Contemporary Hit (English)	
Stockton, California				José	
		KRCX-FM	99.9	MHz	La Tricolor
Modesto, California		KNTY-FM	101.9	MHz	ESPN Deportes
		KHHM-FM	103.5	MHz	
		KXSE-FM	104.3	MHz	José
		KMIX-FM	100.9	MHz	
		KCVR-AM	1570	kHz	Maria
		KTSE-FM	97.1	MHz	
Albuquerque-Santa Fe, New Mexico	13	KCVR-FM	98.9	MHz	José
		KRZY-FM	105.9	MHz	ESPN Deportes Oldies (English)
El Paso, Texas	15	KRZY-AM	1450	kHz	

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KOFX-FM	92.3	MHz	José
KINT-FM	93.9	MHz	
KYSE-FM	94.7	MHz	El Gato
KSVE-AM	1650	kHz	
KHRO-AM	1150	kHz	ESPN Deportes

Denver-Boulder, Colorado	16			Talk (English) José	
				La Tricolor	
		KJMN-FM	92.1	MHz	
		KXPK-FM	96.5	MHz	Maria
Aspen, Colorado		KMXA-AM	1090	kHz	
		KPVW-FM	107.1	MHz	La Tricolor
Orlando-Daytona Beach-Melbourne, Florida	17	WNUE-FM	98.1	MHz	Salsa 98.1
Las Vegas, Nevada	23			El Gato	
		KRRN-FM	92.7	MHz	
		KQRT-FM	105.1	MHz	La Tricolor
Monterey-Salinas-Santa Cruz, California	34			La Tricolor	
		KLOK-FM	99.5	MHz	José
		KSES-FM	107.1	MHz	
		KMBX-AM	700	kHz	Time Brokered (2)
Yuma, Arizona-El Centro, California	37			José	
		KSEH-FM	94.5	MHz	La Tricolor
		KMXX-FM	99.3	MHz	
		KWST-AM	1430	kHz	Time Brokered (2)
Palm Springs, California	45	KPST-FM	103.5	MHz	La Tricolor
		KLOB-FM	94.7	MHz	José
Lubbock, Texas	51			La Tricolor	
		KAIQ-FM	95.5	MHz	
		KBZO-AM	1460	kHz	ESPN Deportes
Reno, Nevada	59	KRNV-FM	102.1	MHz	La Tricolor

Market rank source: Nielsen Media Research 2013 estimates.

- (1) Simulcast station.
- (2) Operated pursuant to a time brokerage arrangement under which we grant to third parties the right to program the station.

Other Platforms. We also offer mobile, digital and other interactive media platforms and services, including local websites and social media, that provide users with news, information and other content.

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Radio Advertising

Substantially all of the revenue generated from our radio operations is derived from local and national advertising.

Local. Local advertising revenue is generated predominantly from advertising time sold to an advertiser or its agency that is placed from within a station's market or directly with a station's sales staff, and also from a third-party network inventory agreement, digital and non-traditional revenue. Local advertising sales include sales to advertisers that are local businesses or advertising agencies, and regional and national businesses or advertising agencies, which place orders from within a station's market or directly with a station's sales staff. We employ our own local sales force that is responsible for soliciting local advertising sales directly from advertisers and their agencies. In 2012, local advertising revenue accounted for approximately 66% of our total radio revenue.

National. National advertising revenue generally represents spot and network revenue from advertising time sold to an advertiser or its agency that is placed from outside a station's market. Lotus/Entravision Reps LLC, or LER, typically acts as our national sales representative to solicit national advertising sales on our Spanish-language radio stations. LER was originally a joint venture that we entered into in August 2001 with Lotus Hispanic Reps Corp., and we acquired 100% of the ownership interest in LER in January 2011. In 2012, national advertising revenue accounted for approximately 34% of our total radio revenue.

Radio Marketing/Audience Research

We believe that radio is an efficient means for advertisers to reach targeted demographic groups. Advertising rates charged by our radio stations are based primarily on the following factors:

the station's ratings (people listening to its programs as a percentage of total people in the listening area);

audience share (people listening to its programs as a percentage of people actually listening to radio at a specific time);

the demographic qualities of a program's listeners (primarily age and gender);

the demand for available air time;

the time of day that the advertising runs;

competitive conditions in the station's market, including the availability of other advertising media; and

general economic conditions, including advertisers' budgetary considerations.

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Arbitron provides advertisers with the industry-accepted measure of listening audience classified by demographic segment and time of day that the listeners spend on particular radio stations. Radio advertising rates generally are highest during the hours of 6:00 A.M. and 7:00 P.M. These hours are considered the peak times for radio audience listening.

Historically, advertising rates for Spanish-language radio stations have been lower than those for English-language stations with similar audience levels. We believe that, over time, possibilities exist to narrow the disparities that have historically existed between Spanish-language and English-language advertising rates as new and existing advertisers recognize the growing desirability of targeting the Hispanic population in the United States. We also believe that having multiple stations in a market enables us to provide listeners with alternatives, to secure a higher overall percentage of a market's available advertising dollars and to obtain greater percentages of individual customers' advertising budgets.

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Each station broadcasts an optimal number of advertisements each hour, depending upon its format, in order to maximize the station's revenue without jeopardizing its audience listenership. Our non-network stations have up to 14 minutes per hour for commercial inventory and local content. Our network stations have up to one additional minute of commercial inventory per hour. The pricing is based on a rate card and negotiations subject to the supply and demand for the inventory in each particular market and the network.

Radio Competition

Radio broadcasting is a highly competitive business. The financial success of each of our radio stations and markets depends in large part on our audience ratings, our ability to increase our market share of overall radio advertising revenue and the economic health of the market. In addition, our advertising revenue depends upon the desire of advertisers to reach our audience demographic. Each of our radio stations competes for audience share and advertising revenue directly with both Spanish-language and English-language radio stations in its market, and with other media, such as newspapers, broadcast and cable television, magazines, outdoor advertising, satellite-delivered radio services, applications for mobile media devices and direct mail advertising. In addition, in certain markets we operate television stations that indirectly compete for local and national advertising revenue with our radio business. Our primary competitors in our markets in Spanish-language radio are Univision, Clear Channel Communications Inc. and Spanish Broadcasting System, Inc. These and many of the other companies with which we compete are large national or regional companies that have significantly greater resources and longer operating histories than we do.

Factors that are material to our competitive position include management experience, a station's rank in its market, signal strength and audience demographics. If a competing station within a market converts to a format similar to that of one of our stations, or if one of our competitors upgrades its stations, we could suffer a reduction in ratings and advertising revenue in that market. The audience ratings and advertising revenue of our individual stations are subject to fluctuation and any adverse change in certain of our key radio markets could have a material adverse effect on our operations.

The radio industry is subject to competition from new media technologies that are being developed or introduced, such as:

audio programming by cable television systems, broadcast satellite-delivered audio services, cellular telephones and smart telephones, including easy-to-use mobile applications, Internet content providers and other digital audio broadcast formats and playback mechanisms;

satellite-delivered digital audio services with CD-quality sound with both commercial-free and lower commercial load channels which have expanded their subscriber base and recently have introduced dedicated Spanish-language channels (for example, Sirius XM Radio now provides eight Spanish-language channels, all commercial-free); and

In-Band On-Channel digital radio, which could provide multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional FM radio services.

We believe that while none of these new technologies can replace local broadcast radio stations, the challenges from new technologies will continue to require attention from management. In addition, we will continue to review potential opportunities to utilize such new technologies. For example, we have converted 21 of our stations (18 FM and 3 AM) to broadcast digital radio programming as well as analog programming, which we anticipate will allow us to provide additional content to our listeners.

Seasonality

Seasonal net broadcast revenue fluctuations are common in the television and radio broadcasting industry and are due primarily to fluctuations in advertising expenditures by local and national advertisers. Our first fiscal

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quarter generally produces the lowest net revenue for the year. Additionally, broadcast revenue tends to be affected by the occurrence or non-occurrence in a given year of major sporting, political and other events, such as the World Cup, important elections, and in 2010, the census.

Material Trademarks, Trade Names and Service Marks

In the course of our business, we use various trademarks, trade names and service marks, including our logos and FCC call letters, in our advertising and promotions. We believe that the strength of our trademarks, trade names and service marks are important to our business and we intend to protect and promote them as appropriate. We do not hold or depend upon any material patent, government license, franchise or concession, except our broadcast licenses granted by the FCC.

Employees

As of December 31, 2012, we had approximately 957 full-time employees, including 736 full-time employees in television and 221 full-time employees in radio. As of December 31, 2012, three of our full-time television employees were represented by labor unions that have entered into collective bargaining agreements with us. We believe that our relations with these unions and with our employees generally are good.

Regulation of Television and Radio Broadcasting

General. The FCC regulates television and radio broadcast stations pursuant to the Communications Act of 1934, or the Communications Act. Among other things, the FCC:

determines the particular frequencies, locations and operating power of stations;

issues, renews, revokes and modifies station licenses;

regulates equipment used by stations; and

adopts and implements regulations and policies that directly or indirectly affect the ownership, changes in ownership, control, operation and employment practices of stations.

A licensee's failure to observe the requirements of the Communications Act or FCC rules and policies may result in the imposition of various sanctions, including admonishment, fines, the grant of renewal terms of less than eight years, the grant of a license renewal with conditions or, in the case of particularly egregious violations, the denial of a license renewal application, the revocation of an FCC license or the denial of FCC consent to acquire additional broadcast properties.

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Congress and the FCC have had under consideration or reconsideration, and may in the future consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of our television and radio stations, result in the loss of audience share and advertising revenue for our television and radio broadcast stations or affect our ability to acquire additional television and radio broadcast stations or finance such acquisitions. Such matters may include:

changes to the license authorization process;

proposals to impose spectrum use or other fees on FCC licensees;

proposals to impose a performance tax on the music broadcast on commercial radio stations and the fees applicable to digital transmission of music on the Internet;

proposals to change rules relating to political broadcasting including proposals to grant free airtime to candidates;

proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;

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proposals dealing with the broadcast of profane, indecent or obscene language and the consequences to a broadcaster for permitting such speech;

technical and frequency allocation matters;

modifications to the operating rules for digital television and radio broadcasting rules on both satellite and terrestrial bases;

the implementation or modification of rules governing the carriage of local television signals by direct broadcast satellite, or DBS, services and cable television systems and the manner in which such parties negotiate such carriage arrangements;

changes in local and national broadcast multiple ownership, foreign ownership, cross-ownership and ownership attribution rules;

proposals whereby broadcasters may voluntarily participate in an auction of their over-the-air broadcast spectrum, otherwise agree to modifications in their available spectrum, with or without compensation, move from the UHF to VHF band, or become subject to restrictions on their usage of the spectrum; and

proposals to alter provisions of the tax laws affecting broadcast operations and acquisitions.

We cannot predict what changes, if any, might be adopted, nor can we predict what other matters might be considered in the future, nor can we judge in advance what impact, if any, the implementation of any particular proposal or change might have on our business.

FCC Licenses. Television and radio stations operate pursuant to licenses that are granted by the FCC for a term of eight years, subject to renewal upon application to the FCC. During the periods when renewal applications are pending, petitions to deny license renewal applications may be filed by interested parties, including members of the public. The FCC may hold hearings on renewal applications if it is unable to determine that renewal of a license would serve the public interest, convenience and necessity, or if a petition to deny raises a substantial and material question of fact as to whether the grant of the renewal applications would be inconsistent with the public interest, convenience and necessity. However, the FCC is prohibited from considering competing applications for a renewal applicant's frequency, and is required to grant the renewal application if it finds:

that the station has served the public interest, convenience and necessity;

that there have been no serious violations by the licensee of the Communications Act or the rules and regulations of the FCC; and

that there have been no other violations by the licensee of the Communications Act or the rules and regulations of the FCC that, when taken together, would constitute a pattern of abuse.

If as a result of an evidentiary hearing the FCC determines that the licensee has failed to meet the requirements for renewal and that no mitigating factors justify the imposition of a lesser sanction, the FCC may deny a license renewal application. Historically, FCC licenses have generally been renewed. We have no reason to believe that our licenses will not be renewed in the ordinary course, although there can be no assurance to that effect. The non-renewal of one or more of our stations' licenses could have a material adverse effect on our business.

Ownership Matters. The Communications Act requires prior consent of the FCC for the assignment of a broadcast license or the transfer of control of a corporation or other entity holding a license. In determining whether to approve an assignment of a television or radio broadcast license or a transfer of control of a broadcast licensee, the FCC considers a number of factors pertaining to the licensee including compliance with various rules limiting common ownership of media properties, the character of the licensee and those persons holding attributable interests therein, and the Communications Act's limitations on foreign ownership and compliance with the FCC rules and regulations.

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To obtain the FCC's prior consent to assign or transfer a broadcast license, appropriate applications must be filed with the FCC. If the application to assign or transfer the license involves a substantial change in ownership or control of the licensee, for example, the transfer or acquisition of more than 50% of the voting equity, the application must be placed on public notice for a period of 30 days during which petitions to deny the application may be filed by interested parties, including members of the public. If an assignment application does not involve new parties, or if a transfer of control application does not involve a substantial change in ownership or control, it is a pro forma application, which is not subject to the public notice and 30-day petition to deny procedure. The regular and pro forma applications are nevertheless subject to informal objections that may be filed any time until the FCC acts on the application. If the FCC grants an assignment or transfer application, interested parties have 30 days from public notice of the grant to seek reconsideration of that grant. The FCC has an additional ten days to set aside such grant on its own motion. When ruling on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application.

Under the Communications Act, a broadcast license may not be granted to or held by persons who are not U.S. citizens, by any corporation that has more than 20% of its capital stock owned or voted by non-U.S. citizens or entities or their representatives, by foreign governments or their representatives or by non-U.S. corporations. Furthermore, the Communications Act provides that no FCC broadcast license may be granted to or held by any corporation directly or indirectly controlled by any other corporation of which more than 25% of its capital stock is owned of record or voted by non-U.S. citizens or entities or their representatives, or foreign governments or their representatives or by non-U.S. corporations. Thus, the licenses for our stations could be revoked if our outstanding capital stock is issued to or for the benefit of non-U.S. citizens in excess of these limitations. Our first restated certificate of incorporation restricts the ownership and voting of our capital stock to comply with these requirements.

The FCC generally applies its other broadcast ownership limits to attributable interests held by an individual, corporation or other association or entity. In the case of a corporation holding broadcast licenses, the interests of officers, directors and those who, directly or indirectly, have the right to vote 5% or more of the stock of a licensee corporation are generally deemed attributable interests, as are positions as an officer or director of a corporate parent of a broadcast licensee.

Stock interests held by insurance companies, mutual funds, bank trust departments and certain other passive investors that hold stock for investment purposes only become attributable with the ownership of 20% or more of the voting stock of the corporation holding broadcast licenses.

A time brokerage agreement with another television or radio station in the same market creates an attributable interest in the brokered television or radio station as well for purposes of the FCC's local television or radio station ownership rules, if the agreement affects more than 15% of the brokered television or radio station's weekly broadcast hours. Likewise, a joint sales agreement involving radio stations creates a similar attributable interest for the broadcast station that is undertaking the sales function. The FCC is currently considering the extension of this attribution policy to television stations.

Debt instruments, non-voting stock, options and warrants for voting stock that have not yet been exercised, insulated limited partnership interests where the limited partner is not materially involved in the media-related activities of the partnership and minority voting stock interests in corporations where there is a single holder of more than 50% of the outstanding voting stock whose vote is sufficient to affirmatively direct the affairs of the corporation generally do not subject their holders to attribution.

However, the FCC also applies a rule, known as the equity-debt-plus rule, which causes certain creditors or investors to be attributable owners of a station, regardless of whether there is a single majority stockholder or other applicable exception to the FCC's attribution rules. Under this rule, a major programming supplier (any programming supplier that provides more than 15% of the station's weekly programming hours) or a same-market

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media entity will be an attributable owner of a station if the supplier or same-market media entity holds debt or equity, or both, in the station that is greater than 33% of the value of the station's total debt plus equity. For purposes of the equity-debt-plus rule, equity includes all stock, whether voting or nonvoting, and equity held by insulated limited partners in limited partnerships. Debt includes all liabilities, whether long-term or short-term.

Under the ownership rules currently in place, the FCC generally permits an owner to have only one television station per market. A single owner is permitted to have two stations with overlapping signals so long as they are assigned to different markets. The FCC's rules regarding ownership permit, however, an owner to operate two television stations assigned to the same market so long as either:

the television stations do not have overlapping broadcast signals; or

there will remain after the transaction eight independently owned, full power noncommercial or commercial operating television stations in the market and one of the two commonly-owned stations is not ranked in the top four based upon audience share.

The FCC will consider waiving these ownership restrictions in certain cases involving failing or failed stations or stations which are not yet built.

The FCC permits a television station owner to own one radio station in the same market as its television station. In addition, a television station owner is permitted to own additional radio stations, not to exceed the local radio ownership limits for the market, as follows:

in markets where 20 media voices will remain, a television station owner may own an additional five radio stations, or, if the owner only has one television station, an additional six radio stations; and

in markets where ten media voices will remain, a television station owner may own an additional three radio stations.

A media voice includes each independently-owned and operated full-power television and radio station and each daily newspaper that has a circulation exceeding 5% of the households in the market, plus one voice for all cable television systems operating in the market.

The FCC rules impose a limit on the number of television stations a single individual or entity may own nationwide.

The number of radio stations an entity or individual may own in a radio market is as follows:

In a radio market with 45 or more commercial radio stations, a party may own, operate or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM).

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In a radio market with between 30 and 44 (inclusive) commercial radio stations, a party may own, operate or control up to seven commercial radio stations, not more than four of which are in the same service (AM or FM).

In a radio market with between 15 and 29 (inclusive) commercial radio stations, a party may own, operate or control up to six commercial radio stations, not more than four of which are in the same service (AM or FM).

In a radio market with 14 or fewer commercial radio stations, a party may own, operate or control up to five commercial radio stations, not more than three of which are in the same service (AM or FM), except that a party may not own, operate, or control more than 50% of the radio stations in such market.

Because of these multiple and cross-ownership rules, if a stockholder, officer or director of Entravision holds an attributable interest in Entravision, such stockholder, officer or director may violate the FCC's rules if such person or entity also holds or acquires an attributable interest in other television or radio stations or daily

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newspapers in such markets, depending on their number and location. If an attributable stockholder, officer or director of Entravision violates any of these ownership rules, we may be unable to obtain from the FCC one or more authorizations needed to conduct our broadcast business and may be unable to obtain FCC consents for certain future acquisitions.

Pursuant to the Communications Act, the FCC is required, on a quadrennial basis, to review its media ownership rules. The FCC began the most recent such review in 2010. The FCC is expected to release an order in connection with its review, in early 2013.

The rule changes that have previously gone into effect amend the FCC's methodology for defining a radio market for the purpose of ownership caps. The FCC replaced its signal contour method of defining local radio markets in favor of a geographic market assigned by Arbitron, the private audience measurement service for radio broadcasters. For non-Arbitron markets, the FCC is conducting a rulemaking in order to define markets in a manner comparable to Arbitron's method. In the interim, the FCC will apply a modified contour approach, to non-Arbitron markets. This modified approach will exclude any radio station whose transmitter site is more than 58 miles from the perimeter of the mutual overlap area. As for newspaper-broadcast cross-ownership, the Commission adopted a presumption that newspaper-broadcast ownership is consistent with the public interest in the top 20 television markets, while the presumption, in smaller markets, is that such cross-ownership is not consistent with the public interest, subject to certain exceptions.

With regard to the national television ownership limit, the FCC increased the national television ownership limit to 45% from 35%. Congress subsequently enacted legislation that reduced the nationwide cap to 39%. Accordingly, a company can now own television stations collectively reaching up to a 39% share of U.S. television households. Limits on ownership of multiple local television stations still apply, even if the 39% limit is not reached on a national level.

In establishing a national cap by statute, Congress did not make mention of the FCC's UHF discount policy, whereby UHF stations are deemed to serve only one-half of the population in their television markets. The FCC has decided that the Congressional action preempted it from altering the UHF discount policy.

As discussed above, Congress has already modified the nationwide television ownership cap and has considered legislation that would roll back the FCC's proposed changes. The FCC in 2010 commenced its latest review of its ownership rules. Any actions by the FCC in the future regarding radio and/or television ownership may elicit further Congressional response.

The Communications Act requires broadcasters to serve the public interest. The FCC has relaxed or eliminated many of the more formalized procedures it developed to promote the broadcast of certain types of programming responsive to the needs of a broadcast station's community of license. Nevertheless, a broadcast licensee continues to be required to present programming in response to community problems, needs and interests and to maintain certain records demonstrating its responsiveness. The FCC considers complaints from the public about a broadcast station's programming when it evaluates the licensee's renewal application, but complaints also may be filed and considered at any time. Stations also must follow various FCC rules that regulate, among other things, political broadcasting, the broadcast of profane, obscene or indecent programming, sponsorship identification, the broadcast of contests and lotteries and technical operations.

The FCC requires that licensees must not discriminate in hiring practices. It has recently released new rules that will require us to adhere to certain outreach practices when hiring personnel for our stations and to keep records of our compliance with these requirements. On March 10, 2003, the FCC's current Equal Employment Opportunity, or EEO, rules went into effect. The rules set forth a three-pronged recruitment and outreach program for companies with five or more full-time employees that requires the wide dissemination of information regarding full-time vacancies, notification to requesting recruitment organizations of such vacancies, and a number of non-vacancy related outreach efforts such as

job fairs and internships. Stations are required to

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collect various information concerning vacancies, such as the number filled, recruitment sources used to fill each vacancy, and the number of persons interviewed for each vacancy. While stations are not required to routinely submit information to the FCC, stations must place an EEO report containing vacancy-related information and a description of outreach efforts in their public file annually. Stations must submit the annual EEO public file report as part of their renewal applications, and television stations with five or more full-time employees and radio stations with more than ten employees also must submit the report midway through their license term for FCC review. Stations also must place their EEO public file report on their Internet websites, if they have one. Beyond our compliance efforts, the new EEO rules should not materially affect our operations. Failure to comply with the FCC's EEO rules could result in sanctions or the revocation of station licenses.

The FCC rules also prohibit a broadcast licensee from simulcasting more than 25% of its programming on another radio station in the same broadcast service (that is, AM/AM or FM/FM). The simulcasting restriction applies if the licensee owns both radio broadcast stations or owns one and programs the other through a local marketing agreement, provided that the contours of the radio stations overlap in a certain manner.

Must Carry Rules. FCC regulations implementing the Cable Television Consumer Protection and Competition Act of 1992, or the Cable Act, require each full-power television broadcaster to elect, at three-year intervals beginning October 1, 1993, to either:

require carriage of its signal by cable systems in the station's market, which is referred to as *must carry* rules; or

negotiate the terms on which such broadcast station would permit transmission of its signal by the cable systems within its market which is referred to as *retransmission consent*.

For the three-year period commencing on January 1, 2012, we generally elected *retransmission consent* in notifying the MVPDs that carry our television programming in our television markets. We have arrangements or have entered into agreements with nearly all of our MVPDs as to the terms of the carriage of our television stations and the compensation we will receive for granting such carriage rights, including through our national program supplier for Spanish-language programming, Univision, for our Univision- and UniMás-affiliated television stations, for the three-year period. We have a few such agreements that expire during the three-year period and we expect to be able to reach agreement with the applicable MVPDs.

Under the FCC's rules currently in effect, cable systems are only required to carry one signal from each local broadcast television station. As an element of the retransmission consent negotiations described above, we arranged that our broadcast signal be available to our MVPD viewers, no matter whether they obtain their cable service in analog or digital modes.

The adoption of digital television service allows us to broadcast multiple streams of our programming, which is commonly referred to as multicasting.

We are exploring, subject to our legal rights to do so, and the economic opportunities available to us, the distribution of our programming in alternative modes, such as by delivery on the Internet, by multicast delivery services, and to individuals possessing wireless mobile reception devices.

Time Brokerage, Joint Sales Agreements and Shared Services Agreements. We have, from time to time, entered into time brokerage, joint sales and shared services agreements, generally in connection with pending station acquisitions, under which we are given the right to broker time on

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stations owned by third parties, agree that other parties may broker time on our stations, we or other parties sell broadcast time on a station, or share operating services with another broadcast station in the same market, as the case may be. By using these agreements, we can provide programming and other services to a station proposed to be acquired before we receive all applicable FCC and other governmental approvals, or receive such programming and other services where a third party is better able to undertake programming and/or sales efforts for us.

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FCC rules and policies generally permit time brokerage agreements if the station licensee retains ultimate responsibility for and control of the applicable station. We cannot be sure that we will be able to air all of our scheduled programming on a station with which we have time brokerage agreements or that we will receive the anticipated revenue from the sale of advertising for such programming.

Under a typical joint sales agreement, a station licensee obtains, for a fee, the right to sell substantially all of the commercial advertising on a separately owned and licensed station in the same market. It also involves the provision by the selling party of certain sales, accounting and services to the station whose advertising is being sold. Unlike a time brokerage agreement, the typical joint sales agreement does not involve operating the station's program format.

In a shared services agreement, one station provides services, generally of a non-programming nature, to another station in the same market. This enables the recipient of the services to save on overhead costs.

As part of its increased scrutiny of television and radio station acquisitions, the DOJ has stated publicly that it believes that time brokerage agreements and joint sales agreements could violate the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSRA, if such agreements take effect prior to the expiration of the waiting period under the HSRA. Furthermore, the DOJ has noted that joint sales agreements may raise antitrust concerns under Section 1 of the Sherman Antitrust Act and has challenged them in certain locations. The DOJ also has stated publicly that it has established certain revenue and audience share concentration benchmarks with respect to television and radio station acquisitions, above which a transaction may receive additional antitrust scrutiny. See *Risk Factors* below.

The FCC is examining such understandings as part of its quadrennial media ownership review that began in 2010.

Digital Television Services. The FCC has adopted rules for implementing digital television service in the United States. Implementation of digital television has improved the technical quality of television signals and provides broadcasters the flexibility to offer new services, including high-definition television and broadband data transmission. The digital transition for full-power television stations was completed on June 12, 2009.

The FCC has required full-power television stations in the United States to operate in digital television. The FCC has set September 1, 2015 as the date for the transition of low-power television stations to digital transmission. We are in the process of transitioning certain of our low-power stations to digital where we believe that an audience is present to view such stations.

The FCC has adopted rules to permit low-power stations to operate on a paired or stand-alone basis in digital service. We have secured authority for certain of our low-power stations to have paired operations or operate in digital. In certain cases, we have requested authority to flash cut certain of our low-power stations to digital service. In those markets where no spectrum was available for paired operations, we will make a decision to switch individual stations from analog to digital service based on the viewing patterns of our viewers.

Equipment and other costs associated with the transition to digital television, including the necessity of temporary dual-mode operations and the relocation of stations from one channel to another, have imposed some near-term financial costs on our television stations providing the services. The potential also exists for new sources of revenue to be derived from use of the digital spectrum, which we have begun to explore in certain of our markets.

Digital Radio Services. The FCC has adopted standards for authorizing and implementing terrestrial digital audio broadcasting technology, known as In-Band On-Channel or HD Radio, for radio stations. Digital audio broadcasting's advantages over traditional analog broadcasting technology include improved sound quality and the ability to offer a greater variety of auxiliary services. This technology permits FM and AM stations to

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transmit radio programming in both analog and digital formats, or in digital only formats, using the bandwidth that the radio station is currently licensed to use. We have elected and commenced the process of rolling out this technology on a gradual basis owing to the absence of receivers equipped to receive such signals and are considering its merits as well as its costs. It is unclear what effect such technology will have on our business or the operations of our radio stations.

Radio Frequency Radiation. The FCC has adopted rules limiting human exposure to levels of radio frequency radiation. These rules require applicants for renewal of broadcast licenses or modification of existing licenses to inform the FCC whether an applicant's broadcast facility would expose people to excessive radio frequency radiation. We currently believe that all of our stations are in compliance with the FCC's current rules regarding radio frequency radiation exposure.

Low-Power Radio Broadcast Service. The FCC has created a low-power FM radio service and has granted a limited number of construction permits for such stations. Pursuant to legislation adopted in 2011, this service is being expanded and the opportunities for FM translator stations reduced. The low-power FM service consists of two classes of radio stations, with maximum power levels of either 10 watts or 100 watts. The 10-watt stations will reach an area with a radius of between one and two miles, and the 100-watt stations reach an area with a radius of approximately three and one-half miles. The low-power FM stations are required to protect other existing FM stations, as currently required of full-powered FM stations.

The low-power FM service is exclusively non-commercial. To date, our stations have not suffered any technical interference from such low-power FM stations' signals. Due to current technical restrictions and the non-commercial ownership requirement for low-power FM stations, we have not found that low-power FM service has caused any detrimental economic impact on our stations as well. Federal legislation has recently been adopted into law to increase the availability of low-power FM service. We do not foresee any material impact on our stations as a result of this legislation.

Other Proceedings. The Satellite Home Viewer Improvement Act of 1999, or SHVIA, allows satellite carriers to deliver broadcast programming to subscribers who are unable to obtain television network programming over the air from local television stations. Congress in 1999 enacted legislation to amend the SHVIA to facilitate the ability of satellite carriers to provide subscribers with programming from local television stations. Any satellite company that has chosen to provide local-into-local service must provide subscribers with all of the local broadcast television signals that are assigned to the market and where television licensees ask to be carried on the satellite system. We have taken advantage of this law to secure carriage of our full-power stations in those markets where the satellite operators have implemented local-into-local service. SHVIA expired in 2004 and Congress adopted the Satellite Home Viewer Extension and Reauthorization Act of 2004, or SHVERA. SHVERA extended the ability of satellite operators to implement local-into-local service. SHVERA expired in late 2009, but was extended in May 2010 by the Satellite Television Extension and Localism Act, or STELA. STELA provided a further five-year extension of the carry one/carry all rule earlier adopted in SHVIA and SHVERA and will expire in 2014 unless renewed at that time. To the extent we have decided to secure our carriage on DBS through retransmission consent agreements, the carry one/carry all rule is no longer relevant to us. While STELA made certain changes, we do not foresee a material impact of such legislation on our operations. The FCC is in the process of requiring television stations to disclose additional information on their compliance with public service obligations, considering the local service obligations of broadcasters, and promoting greater diversity among broadcasters. We do not foresee any material impact on our business from such proposed or adopted rules.

White Spaces. The FCC has adopted rules, that are under appeal by the National Association of Broadcasters and other parties, to allow unlicensed users to operate within the broadcast spectrum in unoccupied parts known as the white spaces. The intention of the rules was to make available unused spectrum for use in connection with wireless functions related to connectivity between computers and related devices and the Internet. The FCC believes that the provisions it adopted will protect broadcast services. Broadcast groups, on the other hand,

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believe that operation of unlicensed devices in the white spaces has the potential for causing interference to broadcast reception. It is premature to judge the potential impact of what services, if any, operate under the FCC's rules on over-the-air broadcasting.

Performance Tax. While radio broadcasters have long paid license fees to composers for the musical works they have written, radio broadcasters have never compensated musical artists for their recordings of these works. The rationale was that the radio broadcasting industry provided artists, free of charge, with a promotional service for their performance.

As the entire music industry has changed, with revenues from the sale of CDs continuing to drop dramatically, both musical artists and the recording companies have sought a change in how business is done. The recording companies, with the backing of many artists, have asked the Congress to require that broadcasters pay fees for the broadcast exploitation of musical works. Such legislation received favorable committee action in the U.S. Congress during 2009 and 2010, but no legislation was then enacted. The Congress has not taken any subsequent actions, but the issue remains under consideration.

Were such legislation to be adopted, its impact would depend on how any fees were structured.

Spectrum Policies. After studying national broadband needs, the FCC made a determination that a critical need exists to expand the spectrum available for wireless broadband services. This need is perceived to arise based on a finding that consumers and businesses will have an increasing usage of wireless devices and the associated spectrum for telephony, data transmission, and entertainment purposes. The FCC has further determined that in order to avert a spectrum crisis, it must recover and reallocate to wireless broadband a total of 500 MHz of spectrum, of which 120 MHz (amounting to 20 channels) are expected to come from spectrum currently allocated to television broadcasting.

In order to achieve this spectrum recovery, the FCC has proposed that broadcasters participate in "voluntary incentive auctions" in which interested station owners would offer the spectrum of their stations in a reverse auction, providing spectrum for wireless operators to purchase in a simultaneous or future forward auction. Legislation to achieve that goal was enacted by Congress in February 2012. The FCC has commenced a series of rulemaking proceedings to develop rules to establish how such auctions will be undertaken, how stations will be valued, what percentage of the auction payments will go to broadcasters, and what rights, if any, will selling stations or stations agreeing to share spectrum retain following the completion of the sale of their stations and associated spectrum.

Any reduction in available spectrum arising from the spectrum auction may have an impact on low-power stations (other than Class A stations). The loss of such broadcasting opportunities could have a detrimental effect on our business.

The FCC commenced a proceeding in November 2010 to determine how to modernize spectrum rules for the television band. Among the proposals under consideration are the sharing of the spectrum allocated to a television station among multiple stations, altering spacing among stations and interference protections between stations through an unpacking of broadcast television allocations, and improving television reception in the VHF band so that remaining television stations would use VHF spectrum while freeing up UHF channels from 32 to 51. Until the related incentive auction and modernization proceedings are completed, it is premature to reach any conclusions as to these proceedings and the eventual impact therefrom on the future of television broadcasting.

ITEM 1A. RISK FACTORS

While we have a history of losses in some periods and income in other periods, periods of losses, if continued, could adversely affect the market price of our securities and our ability to raise capital.

We had net income of approximately \$13.6 million for the year ended December 31, 2012 and net losses of approximately \$8.2 million, and \$18.1 million for the years ended December 31, 2011 and 2010, respectively. If

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we cannot continue to generate net income or generate it on a consistent basis in the future, there could be an adverse effect on the market price of our securities, which in turn could adversely affect our ability to raise additional equity capital or to incur additional debt as and when needed.

If we cannot raise required capital, we may have to reduce or curtail certain existing operations.

We require significant additional capital for general working capital and debt service needs. If our cash flow and existing working capital are not sufficient to fund our general working capital and debt service requirements, we will have to raise additional funds by selling equity, refinancing some or all of our existing debt or selling assets or subsidiaries. None of these alternatives for raising additional funds may be available on acceptable terms to us, in amounts sufficient for us to meet our requirements, or at all. In addition, our ability to raise additional funds and engage in acquisitions is limited by the terms of the Indenture and the amended Credit Agreement. Our failure to obtain any required new financing may, if needed, require us to reduce or curtail certain existing operations.

Our substantial level of debt could limit our ability to grow and compete.

Our total indebtedness was approximately \$343.8 million as of December 31, 2012. A significant portion of our cash flow from operations is and will continue to be used to service our debt obligations, and our ability to obtain additional financing is limited by the terms of the Indenture and the amended Credit Agreement. We may not have sufficient future cash flow to meet our debt payments, or we may not be able to refinance any of our debt at maturity. We have pledged substantially all of our assets and our existing and future domestic subsidiaries to our lenders as collateral. Our lenders could proceed against the collateral to repay outstanding indebtedness if we are unable to meet our debt service obligations. If amounts outstanding under the amended Credit Agreement were to be accelerated, our assets may not be sufficient to repay in full the money owed to such lender.

Our substantial indebtedness could have important consequences to our business, such as:

preventing us, under the terms of the Indenture and the amended Credit Agreement, from obtaining additional financing to grow our business and compete effectively;

limiting our ability, as a practical matter, to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy or other purposes; and

placing us at a disadvantage compared to those of our competitors who have less debt.

The Indenture, the amended Credit Agreement, or both, contain various covenants that limit management's discretion in the operation of our business and could limit our ability to grow and compete.

Subject to certain exceptions, both the Indenture and the amended 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;

engage in acquisitions;

make certain investments;

make certain restricted payments;

use loan proceeds to purchase or carry margin stock or for any other prohibited purpose;

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incur certain contingent obligations;

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.

In addition, the amended 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 lender under our existing credit facility, or the 2012 Credit Facility.

Moreover, if we fail to comply with any of the financial covenants or ratios under our 2012 Credit Facility, our lender 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.

Any such action by our lender would have a material adverse effect on our overall business and financial condition.

In recent years, we have experienced net losses, primarily as a result of the current uncertain economic conditions. Were these conditions to continue for an extended period of time or worsen, our ability to comply with the Notes or our 2012 Credit Facility, including financial covenants and ratios, and continue to operate our business as it is presently conducted, could be jeopardized.

We reported a net income of \$13.6 million and had positive cash flow from operations of \$40.0 million for the year ended December 31, 2012. We reported a net loss of \$8.2 million and had positive cash flow from operations of \$17.6 million for the year ended December 31, 2011. Additionally, as of December 31, 2012, we had an accumulated deficit of \$925.4 million. If we were to experience net losses and declining net revenue over a period of time, there could be an adverse effect on our liquidity and capital resources. In addition, if events or circumstances

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occur such that we were not able to generate positive cash flow and operate our business as it is presently conducted, we may be required to refinance our existing debt, sell assets, curtail certain operations and/or obtain additional equity or debt financing. There is no assurance that any such transactions, if required, could be consummated on terms satisfactory to us or at all. Any default under the Notes or our 2012 Credit Facility, inability to renegotiate such agreements if required, obtain additional financing if needed, or obtain waivers for any failure to comply with financial covenants and ratios would have a material adverse effect on our overall business and financial condition.

Our ability to generate the significant amount of cash needed to pay interest and principal on the Notes and service our other indebtedness and financial obligations and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control. In addition, we may not be able to pay amounts due on our indebtedness.

As of December 31, 2012, we had outstanding total indebtedness of approximately \$343.8 million. Our ability to make payments on and refinance our indebtedness, including the Notes and amounts borrowed under

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our 2012 Credit Facility and other financial obligations, and to fund our operations will depend on our ability to generate substantial operating cash flow. Our cash flow generation will depend on our future performance, which is subject to many factors, including prevailing economic conditions and financial, business and other factors, many of which are beyond our control.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our 2012 Credit Facility or otherwise, in amounts sufficient to enable us to service our indebtedness, including the Notes and borrowings under our 2012 Credit Facility, or to fund our other liquidity needs. If events or circumstances occur such that we are not able to generate positive cash flow and operate our business as it is presently conducted, we may be required to refinance our existing indebtedness, sell assets, curtail certain operations and/or obtain additional equity or debt financing. There is no assurance that any such transactions, if required, could be consummated on terms satisfactory to us or at all. In addition, the current uncertain economic environment has had and may continue to have an impact on our liquidity and capital resources. Because of these and other factors beyond our control, we may be unable to pay the principal, premium (if any), interest or other amounts on our indebtedness.

Current uncertain economic conditions may have an adverse impact on our industry, business, results of operations or financial position.

The continuation or worsening of current uncertain economic conditions could have an adverse effect on the fundamentals of our business, results of operations and/or financial position. These conditions could have a negative impact on our industry or the industry of those customers who advertise on our stations, including, among others, the services, telecommunications, automotive, fast food and restaurant, and retail industries, which provide a significant amount of our advertising revenue. There can be no assurance that we will not experience any further material adverse effect on our business as a result of the current economic conditions or that the actions of the United States Government, Federal Reserve or other governmental and regulatory bodies for the reported purpose of stabilizing the economy or financial markets will achieve their intended effect. Additionally, some of these actions may adversely affect financial institutions, capital providers, advertisers or other consumers or our financial condition, results of operations or the trading price of our securities. Potential consequences of the foregoing include:

the financial condition of companies that advertise on our stations, including, among others, those in the services, telecommunications, automotive, fast food and restaurant, and retail industries, which may file for bankruptcy protection or face severe cash flow issues, may result in a further significant decline in our advertising revenue;

our ability to borrow capital on terms and conditions that we find acceptable, or at all, may be limited, which could limit our ability to refinance our existing debt;

our ability to pursue permitted acquisitions or divestitures of television or radio assets may be limited, both as a result of these factors and, with respect to acquisitions, limitations contained in the Indenture and the amended Credit Agreement;

the possible further impairment of some or all of the value of our syndicated programming, goodwill and other intangible assets, including our broadcast licenses; and

the possibility that our lender under our 2012 Credit Facility could refuse to fund its commitment to us or could fail, and we may not be able to replace the financing commitment of any such lender on favorable terms, or at all.

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The recent recession and difficulties in the global capital and credit markets have adversely affected, and current uncertain economic conditions may continue to adversely affect, our business, as well as the industries of many of our customers, which are cyclical in nature.

Some of the markets in which our advertisers participate, such as the services, telecommunications, automotive, fast food and restaurant, and retail industries, are cyclical in nature, thus posing a risk to us which is beyond our control. Recent declines in consumer and business confidence and spending, together with significant reductions in the availability and increases in the cost of credit and volatility in the capital and credit markets, have adversely affected the business and economic environment in which we operate and can affect the profitability of our business. Our business is exposed to risks associated with the creditworthiness of our key advertisers and other strategic business partners. These conditions have resulted in financial instability or other adverse effects at many of our advertisers and other strategic business partners. The consequences of such adverse effects could include the delay or cancellation of customer advertising orders, cancellation of our programming and termination of facilities that broadcast or re-broadcast our programming. The reoccurrence of any of these conditions may adversely affect our cash flow, profitability and financial condition. During 2008 and 2009, as a result of the global financial crisis and recession, lenders and institutional investors reduced and, in some cases, ceased to provide funding to borrowers reducing the availability of liquidity and credit to fund or support the continuation and expansion of business operations worldwide. Although the markets have generally stabilized since the depths of the recession, the economic recovery has continued to be weak. Future disruption of the credit markets and/or sluggish economic growth in future periods could adversely affect our customers' access to credit which supports the continuation and expansion of their businesses and could result in advertising or broadcast cancellations or suspensions, payment delays or defaults by our customers.

Current uncertain economic conditions and their impact on consumer and general business confidence could negatively affect us.

Recent disruption in the financial markets has generally created increasingly difficult conditions for companies globally. Consumer confidence and business and consumer spending have been volatile during this period, and could remain so for an extended period. Consumer purchases of advertising time are sensitive to these conditions and may decline in future periods where disposable income is adversely affected or there is economic uncertainty. The tightening of credit in financial markets also adversely affects the ability of our customers to obtain financing for advertising purchases.

Adverse or uncertain general economic conditions may cause potential customers to defer or forgo the purchase of advertising time. Moreover, insolvencies associated with current economic conditions or future economic downturns could adversely affect our business through the loss of carriers and clients or by hampering our ability to sell advertising or generate retransmission consent revenue. Further, reduced levels of staffing due to further layoffs could also have a negative impact on our business by spreading our personnel resources too thinly and not being able to cover all of our customer markets as effectively as in previous periods.

If our earnings were to decrease in future periods, it is possible that we would fail to comply with the terms of the Notes or our 2012 Credit Facility, which would have a significant adverse effect on us.

Current uncertain economic conditions may affect our financial performance or our ability to forecast our business with accuracy.

Our operations and performance depend significantly on U.S. and, to a lesser extent, international economic conditions and their impact on purchases of advertising by our customers. As a result of the global financial crisis, which was experienced on a broad and extensive scope and scale, and the recession in the United States, general economic conditions deteriorated significantly throughout 2008 and most of 2009, and the economic recovery since that time has been weak. Economic conditions may remain uncertain for the foreseeable future. In 2010, we experienced increased customer demand for advertising commitments in both our television and radio

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segments. However, excluding advertising solely attributable to the World Cup and political activity, we believe that demand was relatively flat for advertising during 2010. Additionally, in 2011, we did not benefit from the occurrence of any of these periodic events. In 2012, we experienced increased customer demand for advertising commitments in both our television and radio segments, and benefited from increased revenue attributable to political activity. We believe that this general economic uncertainty may continue in future periods, as our customers alter their purchasing activities in response to the new economic reality, and, among other things, our customers may change or scale back future purchases of advertising. This uncertainty may also affect our ability to prepare accurate financial forecasts or meet specific forecasted results. It is currently unclear as to what overall effect the current economic conditions and uncertainties will continue to have on the marketplace and our future business. If we are unable to adequately respond to or forecast further changes in demand for advertising if current economic conditions persist or deteriorate, our results of operations, financial condition and business prospects may be materially and adversely affected.

Cancellations or reductions of advertising could adversely affect our results of operations.

We do not obtain long-term commitments from our advertisers, and advertisers may cancel, reduce or postpone orders without penalty. We have experienced cancellations, reductions or delays in purchases of advertising from time to time in the past and more regularly during the recent global financial crisis and recession. These have affected, and could continue to affect, our revenue and results of operations, especially if we are unable to replace such advertising purchases. Many of our expenses are based, at least in part, on our expectations of future revenue and are therefore relatively fixed once budgeted. Therefore, weakness in advertising sales would adversely impact both our revenue and our results of operations.

Our advertising revenue can vary substantially from period to period based on many factors beyond our control, including but not limited to those discussed above. This volatility affects our operating results and may reduce our ability to repay indebtedness or reduce the market value of our securities.

We rely on sales of advertising time for most of our revenues and, as a result, our operating results are sensitive to the amount of advertising revenue we generate. If we generate less revenue, it may be more difficult for us to repay our indebtedness and the value of our business may decline. Our ability to sell advertising time depends on:

the levels of advertising, which can fluctuate between and among industry groups and in general, based on industry and general economic conditions;

the health of the economy in the area where our television and radio stations are located and in the nation as a whole;

the popularity of our programming and that of our competition;

changes in the makeup of the population in the areas where our stations are located;

the activities of our competitors, including increased competition from other forms of advertising-based mediums, such as other broadcast television stations, radio stations, MVPDs and internet and broadband content providers serving in the same markets; and

other factors that may be beyond our control.

Changes in our accounting estimates and assumptions could negatively affect our financial position and operating results.

We prepare our financial statements in accordance with generally accepted accounting principles, or GAAP. GAAP requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities, the disclosure of contingent assets and liabilities, and our financial statements. We are also required to make certain judgments that affect the reported amounts of revenue and expenses during each reporting period.

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We periodically evaluate our estimates and assumptions, including those relating to the valuation of intangible assets, investments, income taxes, stock-based compensation, claims handling obligations, retirement plans, reserves, litigation and contingencies. We base our estimates on historical experience and various assumptions that we believe to be reasonable at the time we make those assumptions, based on specific circumstances. Actual results could differ materially from our estimated results. Additionally, changes in accounting standards, assumptions or estimates may have an adverse impact on our financial position, results of operations and cash flows.

The terms of any additional equity or convertible debt financing could contain terms that are superior to the rights of our existing security holders.

Depending upon our future results of operations, ability to further reduce costs as necessary and comply with our financing agreements, including financial covenants and ratios, we may require additional equity or debt financing. If future funds are raised through issuance of stock or convertible debt, these securities could have rights, privileges and preference senior to those of common stock. The sale of additional equity securities or securities convertible into or exchangeable for equity securities could also result in dilution to our current shareholders. There can be no assurance that additional financing, if required, will be available on terms satisfactory to us or at all.

Any failure to maintain our FCC broadcast licenses could cause a default under our 2012 Credit Facility and cause an acceleration of our indebtedness.

Our 2012 Credit Facility requires us to maintain our FCC licenses. If the FCC were to revoke any of our material licenses, our lender could declare all amounts outstanding under the 2012 Credit Facility to be immediately due and payable. If our indebtedness is accelerated, we may not have sufficient funds to pay the amounts owed.

We have a significant amount of goodwill and other intangible assets and we may never realize the full value of our intangible assets. Although we have not recorded impairments of our television and radio assets in 2011 or 2012, in prior years we recorded impairment of certain assets.

Goodwill and intangible assets totaled \$280 million and \$282 million at December 31, 2012 and 2011, respectively, primarily attributable to acquisitions in prior years. At the date of these acquisitions, the fair value of the acquired goodwill and intangible assets equaled its book value. At least annually, we test our goodwill and indefinite lived intangible assets for impairment. Impairment may result from, among other things, deterioration in our performance, adverse market conditions, adverse changes in applicable laws and regulations, including changes that restrict the activities of or affect the products or services sold by our businesses and a variety of other factors.

Goodwill and indefinite life intangible assets are tested annually on October 1 for impairment, or more frequently if events or changes in circumstances indicate that our assets might be impaired. Such circumstances may include, among other things, a further significant decrease in our revenues, decrease in prevailing broadcast transaction multiples, deterioration in broadcasting industry revenues, adverse market conditions, and a further significant decrease in our market capitalization. Appraisals of any of our reporting units or changes in estimates of our future cash flows could affect our impairment analysis in future periods and cause us to record either an additional expense for impairment of assets previously determined to be impaired or record an expense for impairment of other assets. Depending on future circumstances, we may never realize the full value of our intangible assets. Any determination of impairment of our goodwill or other intangibles could have an adverse effect on our financial condition and results of operations.

Univision's ownership of our Class U common stock may make some transactions difficult or impossible to complete without Univision's support.

Univision is the holder of all of our issued and outstanding Class U common stock. Although the Class U common stock has limited voting rights and does not include the right to elect directors, Univision does have the right to approve any merger, consolidation or other business combination involving our company, any dissolution

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of our company and any assignment of the FCC licenses for any of our Univision-affiliated television stations. Univision's ownership interest may have the effect of delaying, deterring or preventing a change in control of our company and may make some transactions more difficult or impossible to complete without Univision's support or due to Univision's then-existing media interests in applicable markets.

If our affiliation or other contractual relationships with Univision or Univision's programming success change in an adverse manner, it could negatively affect our television ratings, business, revenue and results of operations.

Our affiliation and other contractual relationships with Univision have a significant impact on our business, revenue and results of operations of our television stations. If our affiliation agreement or another contractual relationship with Univision were terminated, or if Univision were to stop providing programming to us for any reason and we were unable to obtain replacement programming of comparable quality, it could have a material adverse effect on our business, revenue and results of operations. We regularly engage in discussions with Univision regarding various matters relating to our contractual relationships. If Univision were to not continue to provide programming, marketing, available advertising time and other support to us on the same basis as currently provided, or if our affiliation agreement or another contractual relationship with Univision were to otherwise change in an adverse manner, it could have a material adverse effect on our business, revenue and results of operations.

Our television stations compete for audiences and advertising revenue primarily on the basis of programming content and advertising rates. Audience ratings are a key factor in determining our television advertising rates and the revenue that we generate. If Univision's programming success or ratings were to decline, it could lead to a reduction in our advertising rates and advertising revenue on which our television business depends. Univision's relationships with Televisa and Venevision are important to Univision's, and consequently our, continued success. If Televisa were to stop providing programming to Univision for any reason, and Univision were unable to provide us with replacement programming of comparable quality, it could have a material adverse effect on our business and results of operations. Additionally, by aligning ourselves closely with Univision, we might forego other opportunities that could diversify our television programming and avoid dependence on Univision's television networks.

Because three of our directors, and stockholders affiliated with them, hold the majority of our voting power, they can ensure the outcome of most matters on which our stockholders vote.

As of December 31, 2012, Walter F. Ulloa, Philip C. Wilkinson and Paul A. Zevnik together held approximately 80% of the combined voting power of our outstanding shares of common stock. Each of Messrs. Ulloa, Wilkinson and Zevnik is a member of our board of directors, and Mr. Ulloa also serves as our chief executive officer. In addition to their shares of our Class A common stock, collectively they own all of the issued and outstanding shares of our Class B common stock, which have ten votes per share on any matter subject to a vote of the stockholders. Accordingly, Messrs. Ulloa, Wilkinson and Zevnik themselves have the ability to elect each of the members of our board of directors. Messrs. Ulloa, Wilkinson and Zevnik have agreed contractually to vote their shares to elect themselves as directors of our company. Messrs. Ulloa, Wilkinson and Zevnik, acting in concert, also have the ability to control the outcome of most matters requiring stockholder approval. This control may discourage certain types of transactions involving an actual or potential change of control of our company, such as a merger or sale of the company.

Stockholders who desire to change control of our company may be prevented from doing so by provisions of our second amended and restated certificate of incorporation and the agreement that governs our 2012 Credit Facility. In addition, other agreements contain provisions that could discourage a takeover.

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Our second amended and restated certificate of incorporation could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders. The provisions of our certificate of incorporation could diminish the opportunities for a stockholder to participate in tender offers. In addition, under our certificate

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of incorporation, our board of directors may issue preferred stock on terms that could have the effect of delaying or preventing a change in control of our company. The issuance of preferred stock could also negatively affect the voting power of holders of our common stock. The provisions of our certificate of incorporation may have the effect of discouraging or preventing an acquisition or sale of our business.

In addition, the amended Credit Agreement contains limitations on our ability to enter into a change of control transaction. Under the amended Credit Agreement, the occurrence of a change of control would constitute an event of default permitting acceleration of our outstanding indebtedness.

If we do not successfully respond to rapid changes in technology and evolving industry trends, we may not be able to compete effectively.

Technology in the broadcast, entertainment and Internet industries is changing rapidly. Advances in technologies or alternative methods of content delivery, as well as certain changes in consumer or advertiser behavior driven by changes in these or other technologies and methods of delivery, could have a negative effect on our business. Examples of such advances in technologies include video-on-demand, satellite radio, video games, DVD players and other personal video and audio systems (e.g., iPods, iPads and tablet devices), wireless devices, text messaging and downloading from the Internet. For example, devices that allow users to view or listen to television or radio programs on a time-delayed basis, and technologies which enable users to fast-forward or skip advertisements altogether, such as DVRs (e.g., TiVo), Aereo, the Hopper and portable digital devices, may cause changes in consumer behavior that could affect the perceived attractiveness of our services to advertisers, and could adversely affect our advertising revenue and our results of operations. In addition, further increases in the use of portable digital devices which allow users to view or listen to content of their own choosing, in their own time, while avoiding traditional commercial advertisements, could adversely affect our advertising revenue and our results of operations. Additionally, cable providers and direct-to-home satellite operators are developing new video compression technologies that allow them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating such channels and potentially leading to increased competition for viewers in some of our markets. Our ability to adapt to changes in technology on a timely and effective basis and exploit new sources of revenue from these changes may affect our business prospects and results of operations.

If we cannot renew our FCC broadcast licenses, our broadcast operations would be impaired.

Our television and radio businesses depend upon maintaining our broadcast licenses, which are issued by the FCC. The FCC has the authority to renew licenses, not renew them, renew them only with significant qualifications, including renewals for less than a full term, or revoke them. Although we expect to renew all our FCC licenses in the ordinary course, we cannot assure investors that our future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect our operations. Failing to renew any of our stations' main licenses would prevent us from operating the affected stations, which could materially adversely affect our business, financial condition and results of operations. If we renew our licenses with substantial conditions or modifications (including renewing one or more of our licenses for less than the standard term of eight years), it could have a material adverse effect on our business, financial condition and results of operations.

Displacement of any of our low-power television stations (other than Class A stations) could cause our ratings and revenue for any such station to decrease.

A significant portion of our television stations are licensed by the FCC for low-power service only. Our low-power television stations operate with less power and coverage than our full-power stations. The FCC rules under which we operate provide that low-power television stations are treated as a secondary service. If any or all of our low-power stations are found to cause interference to full-power stations or sufficient channels

become unavailable to accommodate incumbent broadcast television stations, owing to the relocation of full-power

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stations to fewer channels, we could be required to eliminate the interference or terminate service. In a few urban markets where we operate, including Washington, D.C. and San Diego, there are a limited number of alternative channels to which our low-power television stations can migrate. If, as a result of the elimination of part of the broadcast spectrum or otherwise, we are unable to move the signals of our low-power television stations to replacement channels, or such channels do not permit us to maintain the same level of service, we may be unable to maintain the viewership these stations currently have, which could harm our ratings and advertising revenue or, in the worst case, cause us to discontinue operations at these low-power television stations.

Because our full-power television stations rely on retransmission consent rights to obtain cable carriage, new laws or regulations that eliminate or limit the scope of our cable carriage rights could have a material adverse impact on our television operations.

We no longer rely on must carry rights to obtain the retransmission of our full-power television stations on MVPDs. New laws or regulations could affect retransmission consent rights and the negotiating process between broadcasters and MVPDs.

Our low-power television stations do not have MVPD must carry rights. Some of our low-power television stations are carried on cable systems as they provide broadcast programming the cable systems desire and are part of the retransmission consent agreements we are party to. Where MVPDs are not contractually required to carry our low-power stations, we may face future uncertainty with respect to the availability of MVPD carriage for our low-power stations.

We are a party to various retransmission consent agreements that may be terminated or not extended following their current termination dates.

If our retransmission consent agreements are terminated or not extended following their current termination dates, our ability to reach MVPD subscribers and, thereby, compete effectively, may be adversely affected, which could adversely affect our business, financial condition and results of operations.

Retransmission consent revenue may not continue to grow at recent rates and are subject to reverse network compensation.

While we expect the amount of revenues generated from our retransmission consent agreements to continue to grow in the near-term and beyond, the rate of growth of such revenue may not continue at recent and current rates and may be detrimentally affected by network program suppliers seeking reverse network compensation.

Carriage of our signals on DBS services is subject to DBS companies providing local broadcast signals in the television markets we serve and our decision as to the terms upon which our signals will be carried.

SHVIA allowed DBS television companies, which are currently DirecTV and EchoStar/Dish Network, for the first time to transmit local broadcast television station signals back to their subscribers in local markets. In exchange for this privilege, however, SHVIA required that in television markets in which a DBS company elects to pick up and retransmit any local broadcast station signals, the DBS provider must also

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offer to its subscribers signals from all other qualified local broadcast television stations in that market. Our broadcast television stations in markets for which DBS operators have elected to carry local stations have previously obtained carriage under this carry one/carry all rule.

SHVIA expired in 2004 and Congress adopted SHVERA, which expired in 2009, but was extended in May 2010 by STELA. STELA provides a further five-year extension, until 2014, of the carry one/carry all rule earlier adopted in SHVIA and SHVERA. To the extent we have decided to secure our carriage on DBS through retransmission consent agreements, the carry one/carry all rule no longer is relevant to us.

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Changes in the FCC's ownership rules could lead to increased market power for our competitors.

On June 2, 2003, the FCC revised its national ownership policy, modified television and cross-ownership restrictions, and changed its methodology for defining radio markets. Ultimately, the only rules that were adopted were those dealing with the determination of the number of local radio stations in local radio markets and loosening the limitations on newspaper-broadcast cross-ownership. Congress has also indicated its concern over the FCC's new rules and legislation has been considered to restrict the changes. The FCC has now commenced a further review of its ownership policies for the broadcast medium. To date, however, only a reduction in the nationwide television cap, to 39% of the viewing public, has been the subject of federal legislation. Accordingly, the impact of changes in the FCC's restrictions on how many stations a party may own, operate and/or control and on our future acquisitions and competition from other companies is limited, but, in connection with local radio ownership and newspaper-broadcast cross-ownership, could result in our competitors (including newspaper owners') ability to increase their presence in the markets in which we operate and may prevent us from adding stations in markets where we could achieve operating efficiencies or grow our business.

We rely on over-the-air spectrum which might be taken away, auctioned or be subject to other modifications (including repacking) pursuant to an FCC-sanctioned process.

Our television business operates through over-the-air transmission of broadcast signals. These transmissions are authorized under licenses issued to our stations by the FCC. The current electromagnetic spectrum is finite and certain parts of the spectrum are better than others owing to the ability of electromagnetic signals to penetrate buildings. This is the portion of the spectrum where broadcast stations operate.

With the advent of mobile wireless communications and its use not only for voice but for broadband distribution, the need for spectrum has grown. The FCC is engaged in efforts related to the implementation of a national broadcast plan it has developed. The plan calls for an increase in the amount of spectrum available for use by wireless broadband services. Available sources of such spectrum are limited and the spectrum allotted for television broadcasting as a source for such spectrum repurposing has been identified as containing spectrum that the FCC believes should be recovered in part and made available for wireless broadband use. The FCC has indicated that any such repurposing as it applies to full-service and Class A television stations would be voluntary and television broadcasters are not be required to return their spectrum. However, it cannot be certain how the FCC's efforts to secure additional spectrum for mobile wireless communications and the incentive auction and repacking processes that accompany the redistribution of broadcast spectrum will affect television broadcasting, as it remains dependent on the applications of such legislation, the rules to be adopted by the FCC, and the actions of broadcasters in dealing with the new spectrum environment.

There are significant political, legal and technical issues to overcome and be considered by us before changes in spectrum use may occur. The loss of spectrum could have a significant impact on our television business as would the sale or auction of spectrum or the modification of the available spectrum. We are giving consideration to all of the implications of the expected changes in how spectrum will be made available for broadcasting.

Available Information

We make available free of charge on our corporate website, www.entravisision.com, the following reports, and amendments to those reports, filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC:

our annual report on Form 10-K;

our quarterly reports on Form 10-Q; and

our current reports on Form 8-K.

The information on our website is not, and shall not be deemed to be, a part of this report or incorporated by reference into this or any other filing we make with the SEC.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Santa Monica, California. We lease approximately 16,000 square feet of space in the building housing our corporate headquarters under a lease expiring in 2021. We also lease approximately 45,000 square feet of space in the building housing our radio network headquarters in Los Angeles, California, under a lease expiring in 2016.

The types of properties required to support each of our television and radio stations typically include offices, broadcasting studios and antenna towers where broadcasting transmitters and antenna equipment are located. The majority of our office, studio and tower facilities are leased pursuant to long-term leases. We also own the buildings and/or land used for office, studio and tower facilities at certain of our television and/or radio properties. We own substantially all of the equipment used in our television and radio broadcasting business. We believe that all of our facilities and equipment are adequate to conduct our present operations. We also lease certain facilities and broadcast equipment in the operation of our business. See Note 9 to Notes to Consolidated Financial Statements.

ITEM 3. 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 or our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our Class A common stock has been listed and traded on The New York Stock Exchange since August 2, 2000 under the symbol EVC. The following table sets forth the range of high and low sales prices reported by The New York Stock Exchange for our Class A common stock for the periods indicated:

	High	Low
Year Ending December 31, 2011		
First Quarter	\$ 2.75	\$ 2.01
Second Quarter	\$ 2.78	\$ 1.79
Third Quarter	\$ 2.10	\$ 0.95
Fourth Quarter	\$ 1.91	\$ 0.75
Year Ending December 31, 2012		
First Quarter	\$ 1.95	\$ 1.35
Second Quarter	\$ 1.85	\$ 1.14
Third Quarter	\$ 1.55	\$ 1.10
Fourth Quarter	\$ 1.73	\$ 1.13

As of March 1, 2013, there were approximately 179 holders of record of our Class A common stock. We believe that the number of beneficial owners of our Class A common stock substantially exceeds this number.

Table of Contents**Performance Graph**

The following graph, which was produced by Research Data Group, Inc., depicts our quarterly performance for the period from December 31, 2007 through December 31, 2012, as measured by total stockholder return on our Class A common stock compared with the total return of the S&P 500 Index and the S&P Broadcasting & Cable TV Index. Upon request, we will furnish to stockholders a list of the component companies of such indices.

We caution that the stock price performance shown in the graph below should not be considered indicative of potential future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Entravision Communications Corporation, the S&P 500 Index
and the S&P Broadcasting Index

* Assumes \$100 invested on December 31, 2006 in stock or index, including reinvestment of dividends.

<i>Index</i>	<i>Period Ending</i>					
	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12
Entravision Communications Corporation	100.00	19.92	43.42	32.82	20.61	23.70
S&P 500	100.00	63.00	79.68	91.68	93.61	108.59
S&P Broadcasting	100.00	55.79	98.63	127.69	148.08	216.06

Dividend Policy

We paid a cash dividend on our Class A, Class B, and Class U common stock of \$0.12 per share on December 28, 2012. We paid a cash dividend on our Class A, Class B, and Class U common stock of \$0.06 per share on December 30, 2011. Our future dividend policy will depend on factors considered relevant in the discretion of the Board of Directors, which may include, among other things, our earnings, capital requirements and financial condition. In addition, the amended Credit Agreement and the Indenture place certain restrictions on our ability to pay dividends on any class of our common stock.

Table of Contents**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table sets forth information regarding outstanding options and shares reserved for future issuance under our equity compensation plans as of December 31, 2012:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders:			
Incentive Stock Plans (1)	9,222,413(2)	\$ 4.55(3)	7,442,576
Employee Stock Purchase Plan	N/A(4)	N/A(4)	3,997,062
Equity compensation plans not approved by security holders			
Total	9,222,413	\$ 4.55	11,439,638

- (1) Represents information with respect to both our 2000 Omnibus Equity Incentive Plan and our 2004 Equity Incentive Plan. No options, warrants or rights have been issued other than pursuant to these plans.
- (2) Includes an aggregate of 1,015,598 restricted stock units.
- (3) Weighted average exercise price of outstanding options; excludes restricted stock units.
- (4) Our 2001 Employee Stock Purchase Plan, or ESPP, permits full-time employees to have payroll deductions made to purchase shares of our Class A common stock during specified purchase periods. The purchase price is the lower of 85% of (1) the fair market value per share of our Class A common stock on the last business day before the purchase period begins and (2) the fair market value per share of our Class A common stock on the last business day of the purchase period. Consequently, the price at which shares will be purchased for the purchase period currently in effect is not known. We suspended the ESPP in 2009.

Issuer Purchases of Equity Securities

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 December 31, 2012. We did not repurchase any shares of Class A common stock during 2010, 2011 or 2012. Subject to certain exceptions, both the Indenture and the amended Credit Agreement contain various provisions that limit our ability to make future repurchases of shares of our common stock.

Table of Contents**ITEM 6. SELECTED FINANCIAL DATA**

The selected financial data set forth below with respect to our consolidated statements of operations for the years ended December 31, 2012, 2011 and 2010 and with respect to our consolidated balance sheets as of December 31, 2012 and 2011 have been derived from our audited consolidated financial statements which are included elsewhere herein. The consolidated statement of operations data for the years ended December 31, 2009 and 2008 and the consolidated balance sheet data as of December 31, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements not included herein. The consolidated statement of operations data for the year ended December 31, 2008 has been reclassified to reflect the outdoor operations as discontinued operations.

The selected consolidated financial data set forth below is qualified in its entirety by, and should be read in conjunction with both, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations of this annual report on Form 10-K and the consolidated statements and the notes to those consolidated financial statements included in Item 8 Financial Statements and Supplementary Data of this annual report on Form 10-K.

(In thousands, except share and per share data)

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Statements of Operations Data:					
Net revenue	\$ 223,253	\$ 194,396	\$ 200,476	\$ 189,231	\$ 232,335
Direct operating expenses	92,256	88,590	84,802	83,902	100,801
Selling, general and administrative expenses	37,818	36,511	38,046	38,278	43,709
Corporate expenses	17,976	15,669	18,416	14,918	17,117
Depreciation and amortization	16,426	18,653	19,229	21,033	23,412
Impairment charge			36,109	50,648	610,456
	164,476	159,423	196,602	208,779	795,495
Operating income (loss)	58,777	34,973	3,874	(19,548)	(563,160)
Interest expense	(35,407)	(37,650)	(24,429)	(27,948)	(43,093)
Interest income	86	3	260	459	1,894
Other income (loss)		687			
Gain (loss) on debt extinguishment	(3,743)	(423)	(987)	(4,716)	9,813
Income (loss) before income taxes	19,713	(2,410)	(21,282)	(51,753)	(594,546)
Income tax (expense) benefit	(6,112)	(5,790)	3,376	1,917	70,086
Income (loss) before equity in net income (loss) of nonconsolidated affiliate and discontinued operations	13,601	(8,200)	(17,906)	(49,836)	(524,460)
Equity in net income (loss) of nonconsolidated affiliate			(180)	(236)	(166)
Income (loss) from continuing operations	13,601	(8,200)	(18,086)	(50,072)	(524,626)
Income (loss) from discontinued operations					(3,930)
Net income (loss) applicable to common stockholders	\$ 13,601	\$ (8,200)	\$ (18,086)	\$ (50,072)	\$ (528,556)

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Net income (loss) per share applicable to common stockholders, basic and diluted	\$ 0.16	\$ (0.10)	\$ (0.21)	\$ (0.60)	\$ (5.84)
Cash dividends per share, basic and diluted	\$ 0.12	\$ 0.06	\$	\$	\$
Weighted average common shares outstanding, basic	85,882,646	85,051,066	84,488,930	83,972,709	90,560,685
Weighted average common shares outstanding, diluted	86,314,206	85,051,066	84,488,930	83,972,709	90,560,685

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	Years Ended December 31,				
	2012	2011	2010	2009	2008
Other Data:					
Capital expenditures	\$ 9,900	\$ 8,218	\$ 7,177	\$ 6,961	\$ 16,860
Balance Sheet Data:					
Cash and cash equivalents	\$ 36,130	\$ 58,719	\$ 72,390	\$ 27,666	\$ 64,294
Total assets	438,051	467,321	490,810	487,927	592,983
Long-term debt, including current portion	340,814	379,662	396,119	363,949	406,523
Total stockholders' equity (deficit)	\$ 5,401	\$ (561)	\$ 10,357	\$ 25,235	\$ 72,094

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

The following discussion of our consolidated results of operations and cash flows for the years ended December 31, 2012, 2011 and 2010 and consolidated financial condition as of December 31, 2012 and 2011 should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this document.

OVERVIEW

We are a diversified Spanish-language media company utilizing a combination of television and radio operations, together with mobile, digital and other interactive media platforms, to 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 year ended December 31, 2012 was \$223.3 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 56 primary television stations located primarily in California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C. We own and operate 49 radio stations (38 FM and 11 AM) located primarily in Arizona, California, Colorado, Florida, Nevada, New Mexico and Texas and a national sales representation firm. Our television and radio stations typically have local websites and other digital and interactive media platforms that provide users with news and information as well as a variety of other products and services.

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. In addition, advertising revenue is generally higher during even-numbered years resulting from political advertising and every four years resulting from advertising aired during the World Cup (2010 and 2014).

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.

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

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During 2012, we achieved revenue growth primarily driven by increases in political advertising, core advertising and retransmission consent revenue. The increase in our political advertising revenue reflects the importance of our television and radio platforms in reaching Latino voters. Net revenue increased to

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\$223.3 million, an increase of \$28.9 million, or 15%, from \$194.4 million for 2011. Our audience shares remain strong in the nation's most densely populated Hispanic markets, and we believe we are well positioned to benefit as the U.S. Hispanic market continues to expand and advertisers increasingly recognize the importance of reaching our target audience.

Net revenue for our television segment increased to \$156.8 million in 2012, from \$131.5 million in 2011. This increase of \$25.3 million, or 19%, was primarily due to increases in political advertising revenue, which was not material in 2011, core advertising revenue and retransmission consent revenue. We generated a total of \$20.2 million in retransmission consent revenue in 2012. We anticipate that retransmission consent revenue for the full year 2013 will be greater than it was for the full year 2012 and will continue to be a growing source of net revenues in future periods.

Net revenue for our radio segment increased to \$66.4 million in 2012, from \$62.9 million in 2011. This increase of \$3.5 million, or 6%, was primarily due to increases in political advertising revenue, which was not material in 2011, and core advertising revenue.

Acquisitions and Dispositions

On January 3, 2011, we completed the acquisition of LER, a representation firm that sells national spots and digital advertising to advertising agencies on our behalf and other clients. We previously owned 50% of LER, which was accounted for under the equity method. We decided to acquire the 50% of LER that we did not own in order to integrate LER's sales force with our radio operations. We paid \$1.1 million for the remaining 50% of LER. As a result of our obtaining control of LER, our previously-held 50% 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 for the year ended December 31, 2011.

We evaluated the transferred set of activities, assets, inputs and processes applied to these inputs in this acquisition and determined that the acquisition did constitute a business. Currently, we are subject to certain limitations on acquisitions under the terms of the Indenture and the amended Credit Agreement. Please see "Liquidity and Capital Resources" below.

In a strategic effort to focus our resources on strengthening existing clusters and expanding into new U.S. Hispanic markets, we periodically review our portfolio of media properties and, from time to time, seek to divest assets in markets where we do not see the opportunity to grow to scale and build out media clusters, subject to limitations contained in our amended Credit Agreement. Please see "Liquidity and Capital Resources" below.

Relationship with Univision

Substantially all of our television stations are Univision- or UniMás-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 UniMás 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, we generally retain the right to sell approximately six minutes per hour of the available advertising time on Univision's primary network, and approximately four and a half minutes per hour of the available advertising time on the UniMás network. Those allocations are subject to adjustment from time to time by Univision.

Under the network affiliation agreements, Univision acts as our exclusive sales representative for the sale of national advertising on our Univision- and UniMás-affiliate television stations, and we pay certain sales representation fees to Univision relating to sales of all advertising for broadcast on our Univision- and UniMás-affiliate television stations.

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We also generate revenue under two marketing and sales agreements with Univision, which give us the right through 2021 to manage the marketing and sales operations of Univision-owned UniMás and Univision affiliates in six markets—Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C.

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 UniMás-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. During the years ended December 31, 2012 and 2011, retransmission consent revenue accounted for approximately \$20.2 million and \$17.1 million, respectively.

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.

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.

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Separate financial data for each of the Company's operating segments is provided below. Segment operating profit (loss) is defined as operating profit (loss) before corporate expenses, loss (gain) on sale of assets and impairment charge. The Company evaluates the performance of its operating segments based on the following (in thousands):

	Years Ended December 31,			% Change 2012 to 2011	% Change 2011 to 2010
	2012	2011	2010		
Net Revenue					
Television	\$ 156,839	\$ 131,490	\$ 132,561	19%	(1)%
Radio	66,414	62,906	67,915	6%	(7)%
Consolidated	223,253	194,396	200,476	15%	(3)%
Direct operating expenses					
Television	56,664	53,789	52,882	5%	2%
Radio	35,592	34,801	31,920	2%	9%
Consolidated	92,256	88,590	84,802	4%	4%
Selling, general and administrative expenses					
Television	20,571	19,606	20,249	5%	(3)%
Radio	17,247	16,905	17,797	2%	(5)%
Consolidated	37,818	36,511	38,046	4%	(4)%
Depreciation and amortization					
Television	13,312	15,189	15,489	(12)%	(2)%
Radio	3,114	3,464	3,740	(10)%	(7)%
Consolidated	16,426	18,653	19,229	(12)%	(3)%
Segment operating profit					
Television	66,292	42,906	43,941	55%	(2)%
Radio	10,461	7,736	14,458	35%	(46)%
Consolidated	76,753	50,642	58,399	52%	(13)%
Corporate expenses	17,976	15,669	18,416	15%	(15)%
Impairment charge			36,109	*	(100)%
Operating income (loss)	\$ 58,777	\$ 34,973	\$ 3,874	68%	*
Consolidated adjusted EBITDA (1)	\$ 76,863	\$ 55,475	\$ 63,635	39%	(13)%
Capital expenditures					
Television	\$ 8,339	\$ 6,494	\$ 6,196		
Radio	1,561	1,724	981		
Consolidated	\$ 9,900	\$ 8,218	\$ 7,177		

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Total assets			
Television	\$ 313,904	\$ 342,462	\$ 367,474
Radio	124,147	124,859	123,336
Consolidated	\$ 438,051	\$ 467,321	\$ 490,810

* 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, other income (loss), gain (loss) on debt extinguishment, income tax

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(expense) benefit, 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 2012 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, other income (loss), gain (loss) on debt extinguishment, 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 2012 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 2012 Credit Facility contains a total net leverage ratio financial covenant. The total net leverage ratio, or the ratio of consolidated total debt (net of up to \$10 million of unrestricted cash) to trailing-twelve-month consolidated adjusted EBITDA, affects both our ability to borrow from our 2012 Credit Facility and our applicable margin for the interest rate calculation. Under our 2012 Credit Facility, our maximum total leverage ratio may not exceed 7.00 to 1. The total leverage ratio was as follows (in each case as of December 31): 2012, 4.3 to 1; 2011, 6.7 to 1. Therefore, we were in compliance with this covenant at each of those dates.

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, other income (loss), gain (loss) on debt extinguishment, income tax (expense) benefit, 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.

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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):

	Years Ended December 31,		
	2012	2011	2010
Consolidated adjusted EBITDA (1)	\$ 76,863	\$ 55,475	\$ 63,635
Interest expense	(35,407)	(37,650)	(24,429)
Interest income	86	3	260
Gain (loss) on debt extinguishment	(3,743)	(423)	(987)
Income tax (expense) benefit	(6,112)	(5,790)	3,376
Amortization of syndication contracts	(707)	(1,482)	(1,159)
Payments on syndication contracts	1,698	1,976	2,724
Non-cash stock-based compensation included in direct operating expenses	(146)	(229)	(454)
Non-cash stock-based compensation included in selling, general and administrative expenses	(767)	(812)	(897)
Non-cash stock-based compensation included in corporate expenses	(1,738)	(1,302)	(1,619)
Depreciation and amortization	(16,426)	(18,653)	(19,229)
Impairment charge			(36,109)
Other income (loss)		687	
Reserve for note receivable			(3,018)
Equity in net income (loss) of nonconsolidated affiliates			(180)
Net income (loss)	13,601	(8,200)	(18,086)
Depreciation and amortization	16,426	18,653	19,229
Impairment charge			36,109
Deferred income taxes	6,477	4,565	(4,342)
Amortization of debt issue costs	2,284	2,207	1,140
Amortization of syndication contracts	707	1,482	1,159
Payments on syndication contracts	(1,698)	(1,976)	(2,724)
Equity in net (income) loss of nonconsolidated affiliate			180
Non-cash stock-based compensation	2,651	2,343	2,970
Other (income) loss		(687)	
Loss (gain) on debt extinguishment	3,743	423	934
Reserve for note receivable			3,018
Change in fair value of interest rate swap agreements			(12,188)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:			
(Increase) decrease in restricted cash		809	(809)
(Increase) decrease in accounts receivable	(3,740)	(574)	2,091
(Increase) decrease in prepaid expenses and other assets	321	336	310
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(740)	(1,770)	8,134
Cash flows from operating activities	\$ 40,032	\$ 17,611	\$ 37,125

(footnotes on preceding page)

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Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Consolidated Operations

Net Revenue. Net revenue increased to \$223.3 million for the year ended December 31, 2012 from \$194.4 million for the year ended December 31, 2011, an increase of \$28.9 million. Of the overall increase, \$25.4 million came from our television segment and was primarily attributable to increases in political advertising revenue, which was not material in 2011, core advertising revenue and retransmission consent revenue. Additionally, \$3.5 million of the overall increase came from our radio segment and was primarily attributable to increases in political advertising revenue, which was not material in 2011, and core advertising revenue.

We believe that we will continue to face a challenging advertising environment in 2013 as our advertising customers continue to make difficult choices in the current uncertain economic environment and we will not have revenue from political advertising that positively impacted our results of operations in 2012.

Direct Operating Expenses. Direct operating expenses increased to \$92.3 million for the year ended December 31, 2012 from \$88.6 million for the year ended December 31, 2011, an increase of \$3.7 million. Of the overall increase, \$2.9 million came from our television segment and was primarily attributable to an increase in expenses associated with the increase in net revenue and an increase in salary expense. Additionally, \$0.8 million of the overall increase came from our radio segment and was primarily attributable to an increase in salary expense. As a percentage of net revenue, direct operating expenses decreased to 41% for the year ended December 31, 2012 from 46% for the year ended December 31, 2011. Direct operating expenses as a percentage of net revenue decreased because the increase in net revenue outpaced the increase in direct operating expenses.

We believe that direct operating expenses will continue to increase during 2013 primarily as a result of employee salary increases.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to \$37.8 million for the year ended December 31, 2012 from \$36.5 million for the year ended December 31, 2011, an increase of \$1.3 million. Of the overall increase, \$1.0 million came from our television segment and was primarily attributable to an increase in salary expense and an increase in bad debt expense. Additionally, \$0.3 million of the overall increase came from our radio segment and was primarily attributable to an increase in salary expense. As a percentage of net revenue, selling, general and administrative expenses decreased to 17% for the year ended December 31, 2012 from 19% for the year ended December 31, 2011. Selling, general and administrative expenses as a percentage of net revenue decreased because the increase in net revenue outpaced the increase in selling, general and administrative expenses.

We believe that selling, general and administrative expenses will continue to increase during 2013 primarily as a result of employee salary increases.

Corporate expenses increased to \$18.0 million for the year ended December 31, 2012 from \$15.7 million for the year ended December 31, 2011, an increase of \$2.3 million. The increase was primarily attributable to the increase in bonuses, non-cash stock-based compensation, salary expense and interactive media-related expenses. As a percentage of net revenue, corporate expenses remained constant at 8% for each of the year ends December 31, 2012 and 2011.

We believe that corporate expenses will continue to increase during 2013 primarily as a result of employee salary increases and interactive media-related expenses.

Depreciation and Amortization. Depreciation and amortization decreased to \$16.4 million for the year ended December 31, 2012 from \$18.7 million for the year ended December 31, 2011, a decrease of \$2.3 million. The decrease was primarily due to a decrease in depreciation as certain assets are now fully depreciated.

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Operating Income. As a result of the above factors, operating income was \$58.8 million for the year ended December 31, 2012, compared to \$35.0 million for the year ended December 31, 2011.

Interest Expense. Interest expense decreased to \$35.4 million for the year ended December 31, 2012 from \$37.7 million for the year ended December 31, 2011, a decrease of \$2.3 million. On December 31, 2012 and May 30, 2012, we repurchased \$40.0 million and \$20.0 million, respectively, of our Notes. During the fourth quarter of 2011, we repurchased \$16.2 million of our Notes. The decrease in interest expense was primarily attributable to the decrease in our outstanding debt.

Other Income. We recorded other income of \$0.7 million related to the remeasurement of our previously-held 50% interest in LER to fair value in connection with our acquisition of the remaining 50% interest of LER during the year ended December 31, 2011.

Loss on Debt Extinguishment. We recorded a loss on debt extinguishment of \$3.7 million related to the premium paid, unamortized finance costs and unamortized bond discount associated with the repurchases of Notes during the year ended December 31, 2012. We recorded a loss on debt extinguishment of \$0.4 million related to unamortized finance costs and bond discount associated with the repurchase of Notes during the year ended December 31, 2011.

Income Tax Expense. Income tax expense for the year ended December 31, 2012 was \$6.1 million. The effective income tax rate was lower than our statutory rate of 34% due to changes in the valuation allowance and deductions attributable to indefinite-lived intangible assets. Income tax expense for the year ended December 31, 2011 was \$5.8 million. The effective income tax rate was lower than our statutory rate of 34% due to changes in the valuation allowance and deductions attributable to indefinite-lived intangible assets.

As of December 31, 2012, 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 reduced our deferred tax assets by deferred tax liabilities except for the deferred tax liabilities attributable to indefinite-lived intangibles. We do not have any feasible tax planning strategies that would recover our deferred tax assets.

Segment Operations

Television

Net Revenue. Net revenue in our television segment increased to \$156.8 million for the year ended December 31, 2012 from \$131.5 million for the year ended December 31, 2011, an increase of \$25.3 million. The increase was primarily attributable to increases in political advertising revenue, which was not material in 2011, core advertising revenue and retransmission consent revenue. We generated a total of \$20.2 million and \$17.1 million in retransmission consent revenue for the years ended December 31, 2012 and 2011, respectively. We anticipate that retransmission consent revenue for the full year 2013 will be greater than it was for the full year 2012 and will continue to be a growing source of net revenues in future periods.

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Direct Operating Expenses. Direct operating expenses in our television segment increased to \$56.7 million for the year ended December 31, 2012 from \$53.8 million for the year ended December 31, 2011, an increase of \$2.9 million. The increase was primarily attributable to an increase in expenses associated with the increase in net revenue and an increase in salary expense.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our television segment increased to \$20.6 million for the year ended December 31, 2012 from \$19.6 million for the year ended December 31, 2011, an increase of \$1.0 million. The increase was primarily attributable to an increase in salary expense and an increase in bad debt expense.

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Radio

Net Revenue. Net revenue in our radio segment increased to \$66.4 million for the year ended December 31, 2012 from \$62.9 million for the year ended December 31, 2011, an increase of \$3.5 million. The increase was primarily attributable to increases in political advertising revenue, which was not material in 2011, and core advertising revenue.

Direct Operating Expenses. Direct operating expenses in our radio segment increased to \$35.6 million for the year ended December 31, 2012 from \$34.8 million for the year ended December 31, 2011, an increase of \$0.8 million. The increase was primarily attributable to an increase in salary expense.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our radio segment increased to \$17.2 million for the year ended December 31, 2012 from \$16.9 million for the year ended December 31, 2011, an increase of \$0.3 million. The increase was primarily attributable to an increase in salary expense.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Consolidated Operations

Net Revenue. Net revenue decreased to \$194.4 million for the year ended December 31, 2011 from \$200.5 million for the year ended December 31, 2010, a decrease of \$6.1 million. Of the overall decrease, \$5.0 million came from our radio segment and was primarily attributable to the non-occurrence of advertising revenue from the World Cup in 2011 compared to 2010 and a decrease in political advertising revenue, which was not material in 2011. Additionally, \$1.1 million of the overall decrease came from our television segment and was primarily attributable to a decrease in national advertising, the non-occurrence of advertising revenue from the World Cup in 2011 compared to 2010 and a decrease in political advertising revenue, which was not material in 2011, partially offset by an increase in retransmission consent revenue.

We currently anticipate that net revenue will increase for the full year 2012, primarily due to increased political advertising revenue and increased retransmission consent revenue. However, we believe that we will continue to face a challenging advertising environment in 2012 as our advertising customers continue to make difficult choices in the current uncertain economic environment.

Direct Operating Expenses. Direct operating expenses increased to \$88.6 million for the year ended December 31, 2011 from \$84.8 million for the year ended December 31, 2010, an increase of \$3.8 million. Of the overall increase, \$2.9 million came from our radio segment and was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011 and expenses associated with LER. Additionally, \$0.9 million of the overall 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, partially offset by a decrease in expenses associated with the decrease in net revenue. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009. As a percentage of net revenue, direct operating expenses increased to 46% for the year ended December 31, 2011 from 42% for the year ended December 31, 2010. Direct operating expenses as a percentage of net revenue increased because direct operating expenses increased while net revenue decreased.

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We believe that direct operating expenses will increase during 2012 primarily as a result of employee salary increases during the first quarter of 2012 and expenses associated with the anticipated increase in net revenue. 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 decreased to \$36.5 million for the year ended December 31, 2011 from \$38.0 million for the year ended December 31, 2010, a decrease of \$1.5 million. Of the overall decrease, \$0.9 million came from our radio segment and was primarily

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attributable to a decrease in bad debt expense, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011. Additionally, \$0.6 million of the overall decrease came from our television segment and was primarily attributable to a decrease in bad debt expense, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009. As a percentage of net revenue, selling, general and administrative expenses remained constant at 19% for each of the years ended December 31, 2011 and 2010.

We believe that selling, general and administrative expenses will increase during 2012 primarily as a result of employee salary increases during the first quarter of 2012 and expenses associated with the anticipated increase in net revenue. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Corporate Expenses. Corporate expenses decreased to \$15.7 million for the year ended December 31, 2011 from \$18.4 million for the year ended December 31, 2010, a decrease of \$2.7 million. The decrease was primarily attributable to higher expenses in 2010 due to the creation of a reserve for a \$3.0 million note receivable and accrued interest relating to the sale of our publishing segment in 2003, partially offset by the increase in interactive expenses and partial restoration of employee salaries in 2011. As a percentage of net revenue, corporate expenses decreased to 8% for the year ended December 31, 2011 from 9% for the year ended December 31, 2010. Corporate expenses as a percentage of net revenue decreased because the decrease in corporate expenses outpaced the decrease in net revenue.

We believe that corporate expenses will increase during 2012 primarily as a result of employee salary increases during the first quarter of 2012. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Depreciation and Amortization. Depreciation and amortization decreased to \$18.7 million for the year ended December 31, 2011 from \$19.2 million for the year ended December 31, 2010, a decrease of \$0.5 million. The decrease was primarily due to a decrease in depreciation as certain assets are now fully depreciated.

Impairment Charge. Continuing operations includes an impairment charge of \$36.1 million for the year ended December 31, 2010, which was a result of a \$9.9 million impairment of goodwill in our radio segment, a \$2.6 million impairment of our radio FCC licenses and a \$23.6 million impairment of our television FCC licenses.

Operating Income. As a result of the above factors, operating income was \$35.0 million for the year ended December 31, 2011, compared to \$3.9 million for the year ended December 31, 2010, after giving effect to the impairment charge in 2010.

Interest Expense. Interest expense increased to \$37.7 million for the year ended December 31, 2011 from \$24.4 million for the year ended December 31, 2010, an increase of \$13.3 million. The increase in interest expense was primarily attributable to the change in the fair value of our interest rate swap agreements during the year ended December 31, 2010. Those interest rate swap agreements were terminated in July 2010.

Other Income. We recorded other income of \$0.7 million related to the remeasurement of our previously-held 50% interest in LER to fair value in connection with our acquisition of the remaining 50% interest of LER during the year ended December 31, 2011.

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Loss on Debt Extinguishment. We recorded a loss on debt extinguishment of \$0.4 million related to unamortized finance costs and bond discount associated with the repurchase of Notes during the year ended December 31, 2011. We recorded a loss on debt extinguishment of \$1.0 million related to unamortized finance costs under our previous amended syndicated bank credit facility agreement for the year ended December 31, 2010.

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Income Tax Expense. Income tax expense for the year ended December 31, 2011 was \$5.8 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 intangible assets. Income tax benefit for the year ended December 31, 2010 was \$3.4 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 intangible assets.

As of December 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 decreased to \$131.5 million for the year ended December 31, 2011 from \$132.6 million for the year ended December 31, 2010, a decrease of \$1.1 million. The decrease was primarily attributable to a decrease in national advertising, the non-occurrence of advertising revenue from the World Cup in 2011 compared to 2010 and a decrease in political advertising revenue, which was not material in 2011, partially offset by an increase in retransmission consent revenue. We generated a total of \$17.1 million and \$13.7 million in retransmission consent revenue for the years ended December 31, 2011 and 2010, respectively. We anticipate that retransmission consent revenue for the full year 2012 will be greater than it was for the full year 2011 and will continue to be a growing source of net revenues in future periods.

Direct Operating Expenses. Direct operating expenses in our television segment increased to \$53.8 million for the year ended December 31, 2011 from \$52.9 million for the year ended December 31, 2010, an increase of \$0.9 million. The increase was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 2011, partially offset by a decrease in expenses associated with the decrease in net revenue. 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 in our television segment decreased to \$19.6 million for the year ended December 31, 2011 from \$20.2 million for the year ended December 31, 2010, a decrease of \$0.6 million. The decrease was primarily attributable to a decrease in bad debt expense, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Radio

Net Revenue. Net revenue in our radio segment decreased to \$62.9 million for the year ended December 31, 2011 from \$67.9 million for the year ended December 31, 2010, a decrease of \$5.0 million. The decrease was primarily attributable to the non-occurrence of advertising revenue from the World Cup in 2011 compared to 2010 and a decrease in political advertising revenue, which was not material in 2011.

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Direct Operating Expenses. Direct operating expenses in our radio segment increased to \$34.8 million for the year ended December 31, 2011 from \$31.9 million for the year ended December 31, 2010, an increase of \$2.9 million. The increase was primarily attributable to an increase in salary expense as a result of the partial restoration of employee salaries in 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 in our radio segment decreased to \$16.9 million for the year ended December 31, 2011 from \$17.8 million for the year ended December 31, 2010, a decrease of \$0.9 million. The decrease was primarily attributable to a decrease in bad debt expense, partially offset by an increase in salary expense as a result of the partial restoration of employee salaries in 2011. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

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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. We had net income of approximately \$13.6 million for the year ended December 31, 2012 and net losses of approximately \$8.2 million, and \$18.1 million for the years ended December 31, 2011 and 2010, respectively. We had positive cash flow from operations of \$40.0 million, \$17.6 million and \$37.1 million for the years ended December 31, 2012, 2011 and 2010, respectively. 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, cash on hand and available borrowings under our 2012 Credit Facility will be sufficient to meet our anticipated cash requirements for at least the next twelve months.

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 to 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 then 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.

During the fourth quarter of 2011, we purchased Notes on the open market with a principal amount of \$16.2 million. We recorded a loss on debt extinguishment of \$0.4 million primarily due to the write off of unamortized finance costs and unamortized bond discount.

During the second quarter of 2012, we repurchased Notes with a principal amount of \$20.0 million pursuant to the optional redemption provisions in the Indenture. The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. We recorded a loss on debt extinguishment of \$1.2 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

During the fourth quarter of 2012, we repurchased Notes with a principal amount of \$40.0 million pursuant to the optional redemption provisions in the Indenture. The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. We recorded a loss on debt extinguishment of \$2.5 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

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 our previous credit facility; 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. The Notes are secured by substantially all of our assets, as well as the pledge of the stock of substantially all of our subsidiaries, including the special purpose subsidiary formed to hold the Company's FCC licenses.

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;

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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. In addition, we may at any time and from time to time purchase Notes in the open market or otherwise.

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.

2012 Credit Facility

On December 20, 2012, we entered into a new term loan and revolving credit facility of up to \$50 million (our 2012 Credit Facility) pursuant to the amended Credit Agreement. Our 2012 Credit Facility consists of a four-year \$20 million term loan facility and a four-year \$30 million revolving credit facility that expires on December 20, 2016, which includes a \$3 million sub-facility for letters of credit. As of December 31, 2012, we had approximately \$0.6 million in outstanding letters of credit. In addition, we may increase the aggregate principal amount of our 2012 Credit Facility by up to an additional \$50 million, subject to our satisfying certain conditions.

Borrowings under our 2012 Credit Facility bear interest at either: (i) the Base Rate (as defined in the agreement governing our 2012 Credit Facility (the amended Credit Agreement) plus the Applicable Margin (as defined in the amended Credit Agreement); or (ii) LIBOR plus the Applicable Margin (as defined in the amended Credit Agreement). We have not drawn on the revolving credit facility of our 2012 Credit Facility.

Our 2012 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 2012 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 2012 Credit Facility rank senior to the Notes upon the terms set forth in the Intercreditor Agreement that we entered into in connection with the credit facility that was in effect at that time.

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The amended Credit Agreement also requires compliance with a total net leverage ratio financial covenant in the event that the revolving credit facility is drawn in an amount in excess of \$3 million, net of certain letter of credit obligations.

Upon an event of default, as defined in the amended Credit Agreement, the lender may, among other things, suspend or terminate their obligation to make further loans to us and/or declare all amounts then outstanding under our 2012 Credit Facility to be immediately due and payable. The amended 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 amended 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 2012 Credit Facility for the benefit of the holders of the Notes and the lender under our 2012 Credit Facility; and

An Intercreditor Agreement, in order to define the relative rights of the holders of the Notes and the lender under our 2012 Credit Facility with respect to the collateral securing our and the Guarantors' respective obligations under the Notes and our 2012 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 amended 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;

engage in acquisitions;

make certain investments;

make certain restricted payments;

use loan proceeds to purchase or carry margin stock or for any other prohibited purpose;

incur certain contingent obligations;

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.

In addition, the amended 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 lender under our 2012 Credit Facility.

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Moreover, if we fail to comply with any of the financial covenants or ratios under our 2012 Credit Facility, our lender 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.

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 December 31, 2012. We did not repurchase any shares of Class A common stock during 2010, 2011 or 2012. Subject to certain exceptions, both the Indenture and the amended Credit Agreement contain various provisions that limit our ability to make future repurchases of shares of our common stock.

Consolidated Adjusted EBITDA

Consolidated adjusted EBITDA (as defined below) increased to \$76.9 million for the year ended December 31, 2012 from \$55.5 million for the year ended December 31, 2011, an increase of \$21.4 million, or 39%. As a percentage of net revenue, consolidated adjusted EBITDA increased to 34% for the year ended December 31, 2012 from 29% for the year ended December 31, 2011.

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, other income (loss), gain (loss) on debt extinguishment, income tax (expense) benefit, 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 2012 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, other income (loss), gain (loss) on debt extinguishment, 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 2012 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 2012 Credit Facility contains a total net leverage ratio financial covenant. The total net leverage ratio, or the ratio of consolidated total debt (net of up to \$10 million of unrestricted cash) to trailing-twelve-month consolidated adjusted EBITDA, affects both our ability to borrow from our 2012 Credit Facility and our applicable margin for the interest rate calculation. Under our 2012 Credit Facility, our maximum total leverage ratio may not exceed 7.00 to 1. The total leverage ratio was as follows (in each case as of December 31): 2012, 4.3 to 1; 2011, 6.7 to 1. Therefore, we were in compliance with this covenant at each of those dates.

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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, other income (loss), gain (loss) on debt extinguishment, income tax (expense) benefit, equity in net income (loss) of nonconsolidated

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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 48.

Cash Flow

Net cash flow provided by operating activities was \$40.0 million for the year ended December 31, 2012 compared to net cash flow provided by operating activities of \$17.6 million for the year ended December 31, 2011. We had net income of \$13.6 million for the year ended December 31, 2012. We had a net loss of \$8.2 million for the year ended December 31, 2011, which was primarily the result of non-cash expenses, including depreciation and amortization expense of \$18.7 million. We expect to have positive cash flow from operating activities for the 2013 year.

Net cash flow used in investing activities was \$9.9 million for the year ended December 31, 2012, compared to net cash flow used in investing activities of \$9.1 million for the year ended December 31, 2011. During the year ended December 31, 2012, we spent \$9.9 million on net capital expenditures. During the year ended December 31, 2011, we spent \$7.8 million on net capital expenditures, \$0.7 million related to the purchase of an FCC license and \$0.6 million related to the acquisition of LER. We anticipate that our capital expenditures will be approximately \$9 million during the full year 2013. 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 capital expenditures with cash on hand and net cash flow from operations.

Net cash flow used in financing activities was \$52.8 million for the year ended December 31, 2012, compared to net cash flow used in financing activities of \$22.2 million for the year ended December 31, 2011. During the year ended December 31, 2012, we made debt payments of \$62.5 million, a dividend payment of \$10.3 million and received net proceeds of approximately \$20.0 million for the new term loan. During the year ended December 31, 2011, we made debt payments of \$17.1 million and a dividend payment of \$5.1 million.

Commitments and Contractual Obligations

We have agreements with certain media research and ratings providers, expiring at various dates through December 2015, to provide television and radio audience measurement services. We lease facilities and broadcast equipment under various operating lease agreements with various terms and conditions, expiring at various dates through November 2050.

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Our material contractual obligations at December 31, 2012 are as follows (in thousands):

Contractual Obligations	Total amounts committed	Payments Due by Period			More than 5 years
		Less than 1 year	1-3 years	3-5 years	
Long Term Debt and related interest (1)	\$ 476,305	\$ 29,274	\$ 58,628	\$ 388,403	
Media research and ratings providers (2)	31,712	12,312	19,400		
Operating leases (2)	55,621	8,213	15,809	9,850	21,749
Other material non-cancelable contractual obligations (3)	2,214	1,088	1,110	16	
Total contractual obligations	\$ 565,852	\$ 50,887	\$ 94,947	\$ 398,269	\$ 21,749

- (1) These amounts represent estimated future cash interest payments related to our Notes and our 2012 Credit Facility. Future interest payments could differ materially from amounts indicated in the table due to future operational and financing needs, market factors and other currently unanticipated events.
- (2) Does not include month-to-month leases.
- (3) Primarily includes obligations for sales software licenses. Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2012, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$0.9 million of liabilities related to uncertain tax positions have been excluded from the table above.

We have also entered into employment agreements with certain of our key employees, including Walter F. Ulloa, Jeffery A. Liberman, Mario M. Carrera and Christopher T. Young. Our obligations under these agreements are not reflected in the table above.

Other than lease commitments, legal contingencies incurred in the normal course of business and employment contracts for key employees, we do not have any off-balance sheet financing arrangements or liabilities. We do not have any majority-owned subsidiaries or any interests in or relationships with any variable-interest entities that are not included in our consolidated financial statements.

Application of Critical Accounting Policies and Accounting Estimates

Critical accounting policies are defined as those that are the most important to the accurate portrayal of our financial condition and results of operations. Critical accounting policies require management's subjective judgment and may produce materially different results under different assumptions and conditions. We have discussed the development and selection of these critical accounting policies with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed and approved our related disclosure in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Goodwill

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We believe that the accounting estimates related to the fair value of our reporting units and indefinite life intangible assets and our estimates of the useful lives of our long-lived assets are critical accounting estimates because: (1) goodwill and other intangible assets are our most significant assets, and (2) the impact that recognizing an impairment would have on the assets reported on our balance sheet, as well as on our results of operations, could be material. Accordingly, the assumptions about future cash flows on the assets under evaluation are critical

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. We test our goodwill and other indefinite-lived intangible assets for impairment annually on the first day of our fourth fiscal quarter, or more frequently if certain events or certain changes in circumstances indicate they may be impaired. In assessing the recoverability of goodwill and indefinite life intangible assets, we must make a series of assumptions about such things as the estimated future cash flows and other factors to determine the fair value of these assets.

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Goodwill impairment testing is a two-step process. The first step is a comparison of the fair values of our reporting units to their respective carrying amounts. We have determined that each of our operating segments is a reporting unit. If a reporting unit's estimated fair value is equal to or greater than that reporting unit's carrying value, no impairment of goodwill exists and the testing is complete at the first step. However, if the reporting unit's carrying amount is greater than the estimated fair value, the second step must be completed to measure the amount of impairment of goodwill, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill with its carrying amount to measure the amount of impairment loss, if any. If the implied fair value of goodwill is less than the carrying value of goodwill, then an impairment exists and an impairment loss is recorded for the amount of the difference.

As of December 31, 2012, we had \$35.9 million of goodwill in our television reporting unit. The fair value of our television reporting unit was greater than the carrying value by 91%. If the fair value of our television reporting unit is less than the carrying value in future periods, we would, at that time, have to proceed to the second step of the goodwill impairment testing process.

As of December 31, 2012, we had \$0.7 million of goodwill in our radio reporting unit. The fair value of our radio reporting unit was greater than the carrying value by 15%. If the fair value of our radio reporting unit is less than the carrying value in future periods, we would, at that time, have to proceed to the second step of the goodwill impairment testing process.

The estimated fair value of goodwill is determined by using a combination of a market approach and an income approach. The market approach estimates fair value by applying sales, earnings and cash flow multiples to each reporting unit's operating performance. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics to our reporting units. The market approach requires us to make a series of assumptions, such as selecting comparable companies and comparable transactions and transaction premiums. The current economic conditions have led to a decrease in the number of comparable transactions, which makes the market approach of comparable transactions and transaction premiums more difficult to estimate than in previous years.

The income approach estimates fair value based on our estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk of that reporting unit. The income approach also requires us to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. We estimated our discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to us. We also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. We estimated our revenue projections and profit margin projections based on internal forecasts about future performance.

The continuation or worsening of current economic conditions potentially could have an adverse effect on the capital markets, which would affect the discount rate assumptions, terminal value estimates, transaction premiums and comparable transactions. Such economic conditions could also have an adverse effect on the fundamentals of our business and results of operations, which would affect our internal forecasts about future performance and terminal value estimates. Furthermore, such economic conditions could have a negative impact on the advertising industry in general or the industries of those customers who advertise on our stations, including, among others, the automotive, financial and other services, telecommunications, travel and restaurant industries, which in the aggregate provide a significant amount of our historical and projected advertising revenue. The activities of our competitors, such as other broadcast television stations and radio stations, could have an adverse effect on our internal forecasts about future performance and terminal value estimates. Changes in technology or our audience preferences, including increased competition from other forms of advertising-based mediums, such as internet, social media and broadband content providers serving the same markets, could have an adverse effect on our internal forecasts about future performance, terminal value estimates and transaction premiums. Finally, the risk factors that we identify from time to time in our SEC reports could have an adverse effect on our internal forecasts about future performance, terminal value estimates and transaction premiums.

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Given the uncertainties of the current economic environment and the impact it has had, and may continue to have, on our business, there can be no assurance that our estimates and assumptions made for the purpose of our goodwill impairment testing will prove to be accurate predictions of the future. If our assumptions regarding internal forecasts of future performance of our business as a whole or of our units are not achieved, if market conditions change and affect the discount rate, or if there are lower comparable transactions and transaction premiums, we may be required to record additional goodwill impairment charges in future periods. It is not possible at this time to determine if any such future change in our assumptions would have an adverse impact on our valuation models and result in impairment, or if it does, whether such impairment charge would be material.

Indefinite Life Intangible Assets

We believe that our broadcast licenses are indefinite life intangible assets. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. The unit of accounting used to test broadcast licenses represents all licenses owned and operated within an individual market cluster, because such licenses are used together, are complimentary to each other and are representative of the best use of those assets. Our individual market clusters consist of cities or nearby cities. We test our broadcasting licenses for impairment based on certain assumptions about these market clusters. We wrote down the carrying value of certain broadcast licenses in our television and radio reporting units to fair value during our 2010 annual impairment test.

The estimated fair value of indefinite life intangible assets is determined by using an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk. The income approach requires us to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. We estimate the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to us. We also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. We estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions we make about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. The fair values of our television FCC licenses for each of our market clusters exceeded the carrying values in amounts ranging from 12% to over 500%. The fair values of our radio FCC licenses for each of our market clusters exceeded the carrying values in amounts ranging from 4% to over 75%.

The continuation or worsening of current economic conditions potentially could have an adverse effect on the capital markets, which would affect the discount rate assumptions, terminal value estimates, transaction premiums and comparable transactions. Such economic conditions could also have an adverse effect on the fundamentals of our business and results of operations, which would affect our internal forecasts about future performance and terminal value estimates. Furthermore, such economic conditions could have a negative impact on the advertising industry in general or the industries of those customers who advertise on our stations, including, among others, the automotive, financial and other services, telecommunications, travel and restaurant industries, which in the aggregate provide a significant amount of our historical and projected advertising revenue. The activities of our competitors, such as other broadcast television stations and radio stations, could have an adverse effect on our

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internal forecasts about future performance and terminal value estimates. Changes in technology or our audience preferences, including increased competition from other forms of advertising-based mediums, such as internet, social media and broadband content providers serving the same markets, could have an adverse effect on our internal forecasts about future performance, terminal value estimates and transaction premiums. Finally, the risk factors that we identify from time to time in our SEC reports could have an adverse effect on our internal forecasts about future performance, terminal value estimates and transaction premiums.

Given the uncertainties of the current economic environment and the impact it has had, and may continue to have, on our business, there can be no assurance that our estimates and assumptions made for the purposes of our impairment testing will prove to be accurate predictions of the future. If our assumptions regarding internal forecasts of future performance of our business as a whole or of our units are not achieved, if market conditions change and affect the discount rate, or if there are lower comparable transactions and transaction premiums, we may be required to record additional impairment charges in future periods. It is not possible at this time to determine if any such future change in our assumptions would have an adverse impact on our valuation models and result in impairment, or if it does, whether such impairment charge would be material.

Long-Lived Assets, Including Intangibles Subject to Amortization

Depreciation and amortization of our long-lived assets is provided using the straight-line method over their estimated useful lives. Changes in circumstances, such as the passage of new laws or changes in regulations, technological advances, changes to our business model or changes in our capital strategy could result in the actual useful lives differing from initial estimates. In those cases where we determine that the useful life of a long-lived asset should be revised, we will depreciate the net book value in excess of the estimated residual value over its revised remaining useful life. Factors such as changes in the planned use of equipment, customer attrition, contractual amendments or mandated regulatory requirements could result in shortened useful lives.

Long-lived assets and asset groups are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

Deferred Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when it is determined to be more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. We recognize interest and penalties related to uncertain tax positions in income tax expense.

In evaluating our ability to realize net deferred tax assets, we consider all reasonably available evidence including our past operating results, tax strategies and forecasts of future taxable income. In considering these factors, we make certain assumptions and judgments that are based on the plans and estimates used to manage our business.

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Revenue Recognition

Television and radio revenue related to the sale of advertising is recognized at the time of broadcast. Revenue contracts with advertising agencies are recorded at an amount that is net of the commission retained by the agency. Revenue from contracts that we enter into directly with our advertisers is recorded at gross revenue and the related commission or national representation fee is recorded in operating expense. Cash payments received prior to services rendered result in deferred revenue, which is then recognized as revenue when the advertising time or space is actually provided.

We also generate interactive revenues under arrangements that are sold on a standalone basis and those that are sold on a combined basis that are integrated with our broadcast revenue and reported within the television and radio segments. We have determined that these integrated revenue arrangements include multiple deliverables and have separated them into different units of accounting based on their relative sales price based upon management's best estimate. Revenue for each unit of accounting is recognized as it is earned.

Allowance for Doubtful Accounts

Our accounts receivable consist of a homogeneous pool of relatively small dollar amounts from a large number of customers. We evaluate the collectibility of our trade accounts receivable based on a number of factors. When we are aware of a specific customer's inability to meet its financial obligations to us, a specific reserve for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on our recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

Derivative Instruments

ASC 820, "Fair Value Measurements and Disclosures", requires us to recognize all of our derivative instruments as either assets or liabilities in our consolidated balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, and further, on the type of hedging relationship.

The carrying amount of our interest rate swap agreements is recorded at fair market value, including non-performance risk, and any changes to the value are recorded as an increase or decrease in interest expense. The fair market value of each interest rate swap agreement is determined by using multiple broker quotes, adjusted for non-performance risk, which estimate the future discounted cash flows of any future payments that may be made under such agreements.

For the year ended December 31, 2010, we recognized a decrease of \$13.4 million in interest expense related to the increase in fair value of the interest rate swap agreements.

We terminated the interest rate swap agreements effective July 27, 2010, so there is no balance as of December 31, 2012, 2011 and 2010.

Additional Information

For additional information on our significant accounting policies, please see Note 2 to Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02). Under this guidance, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset

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unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. ASU 2012-02 is effective during interim and annual periods beginning after September 15, 2012.

Sensitivity of Critical Accounting Estimates

We have critical accounting estimates that are sensitive to change. The most significant of those sensitive estimates relate to the impairment of intangible assets. Goodwill and indefinite life intangible assets are not amortized but are tested annually on October 1 for impairment, or more frequently if events or changes in circumstances indicate that the assets might be impaired. In assessing the recoverability of goodwill and indefinite life intangible assets, we must make assumptions about the estimated future cash flows and other factors to determine the fair value of these assets.

Television

In calculating the estimated fair value of our television FCC licenses, we used models that rely on various assumptions, such as future cash flows, discount rates and multiples. The estimates of future cash flows assume that the television segment revenues will increase significantly faster than the increase in the television expenses, and therefore the television assets will also increase in value. If any of the estimates of future cash flows, discount rates, multiples or assumptions were to change in any future valuation, it could affect our impairment analysis and cause us to record an additional expense for impairment.

We conducted a review of our television indefinite life intangible assets by using an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk. The income approach requires us to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. We estimate the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to us. We also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. We estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Based on the assumptions and estimates described above, we did not record impairment in 2012 as the fair values of our television FCC licenses for each of our market clusters was greater than their respective carrying values. The fair values exceeded the carrying values in amounts ranging from 12% to over 500%. We recognized impairment charges of \$24 million relating to television FCC licenses in 2010.

We conducted our annual review of our television reporting unit and determined that the carrying value of our television reporting unit exceeded the fair value. The fair value of the television reporting unit was primarily determined by using a combination of a market approach and an income approach. The revenue projections and profit margin projections in the models are based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. The market-based approach used comparable company earnings multiples. Based on the assumptions and estimates described above, we did not record impairment in 2012. The fair value of our television reporting unit was greater than the carrying value by 91%.

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Radio

In calculating the estimated fair value of our radio reporting unit and FCC licenses, we used models that rely on various assumptions, such as future cash flows, discount rates and multiples. The estimates of future cash flows assume that the radio segment revenues will increase significantly faster than the increase in the radio expenses, and therefore the radio assets will also increase in value. If any of the estimates of future cash flows, discount rates, multiples or assumptions were to change in any future valuation, it could affect our impairment analysis and cause us to record an additional expense for impairment.

We conducted a review of our radio indefinite life intangible assets by using an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk. The income approach requires us to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. We estimate the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to us. We also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. We estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Based on the assumptions and estimates described above, we did not record impairment in 2012 as the fair values of our radio FCC licenses for each of our market clusters was greater than their respective carrying values. The fair values exceeded the carrying values in amounts ranging from 4% to over 75%. We recognized impairment charges of \$3 million relating to radio FCC licenses in 2010.

We conducted our annual review of our radio reporting unit and determined that the carrying value of our radio reporting unit exceeded the fair value. The fair value of the radio reporting unit was primarily determined by using a combination of a market approach and an income approach. The revenue projections and profit margin projections in the models are based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. The market-based approach used comparable company earnings multiples. Based on the assumptions and estimates described above, we did not record impairment in 2012. The fair value of our radio reporting unit was greater than the carrying value by 15%. Our radio reporting unit carrying value exceeded its fair value in 2010 and we recognized a goodwill impairment charge of \$10 million in 2010.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for each of our fiscal years in the three-year period ended December 31, 2012. However, there can be no assurance that future inflation would not have an adverse impact on our operating results and financial condition.

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ITEM 7A. 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 to 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.

On December 20, 2012 we entered into our 2012 Credit Facility which consists of a four-year \$20 million term loan facility and a four-year \$30 million revolving credit facility. Our term loan bears interest at LIBOR plus a margin of 3.75% for a total interest rate of 3.96% at December 31, 2012. As of December 31, 2012, \$20 million of our term loan was outstanding and there were no borrowings outstanding on the revolving credit facility.

If LIBOR were to increase by 100 basis points, or one percentage point, from its December 31, 2012 level, our annual interest expense would increase and cash flow from operations would decrease by approximately \$0.2 million based on the outstanding balance of our 2012 Credit Facility as of December 31, 2012.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See pages F-1 through F-60.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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 annual report.

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. 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2012.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Our independent registered public accounting firm, McGladrey LLP, which has audited and reported on our financial statements, issued an attestation report regarding our internal controls over financial reporting as of December 31, 2012. McGladrey LLP's report is included in this annual report below.

Inherent Limitations on Effectiveness of Controls

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.

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Changes in Internal Control

There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Entravision Communications Corporation

We have audited Entravision Communications Corporation's and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Entravision Communications Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Entravision Communications Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Entravision Communications Corporation and subsidiaries and the related consolidated statement of operations, stockholders equity (deficit) and cash flows, and our report dated March 8, 2013 expressed an unqualified opinion.

/s/ McGladrey LLP

Los Angeles, California

March 8, 2013

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ITEM 9B. OTHER INFORMATION

On March 8, 2013, we entered into a new employment agreement with Christopher T. Young, pursuant to which he will continue to serve as our Executive Vice President, Chief Financial Officer and Treasurer. This agreement, effective as of March 8, 2013, replaces a similar agreement with Mr. Young, which agreement was entered into effective as of May 12, 2011.

The agreement with Mr. Young provides for an initial base salary of \$400,000 per year for the term of his agreement, which ends on December 31, 2015. Mr. Young's base salary may be increased in the discretion of the Compensation Committee of the Board of Directors. In addition, Mr. Young is eligible to receive a discretionary annual bonus of up to 100% of his then-current base salary. He is also eligible for equity incentive grants under our equity incentive plans.

If Mr. Young's employment is terminated by us without cause or by Mr. Young for good reason (including a change of control of Entravision), he will be entitled to receive: (i) all accrued salary and benefits through the date of termination; (ii) any discretionary bonus that is approved by the Compensation Committee of the Board of Directors prior to the date of termination; and (iii) a severance payment equal to: (A) Mr. Young's then current base salary, plus (B) a prorated bonus amount which shall be equal to the product of: (x) the average annual bonuses received by Mr. Young for the two years preceding the year of such termination, multiplied by (y) a fraction, the numerator of which is the number of days preceding such termination in the then-current calendar year, and the denominator of which is 365.

If Mr. Young's employment is terminated by us for cause, he will only be entitled to receive accrued salary and benefits through the date of termination and shall be ineligible for any bonus or severance payment.

We and Mario M. Carrera, whom we have now determined is a named executive officer for 2012, entered into an employment agreement effective as of September 1, 2012, pursuant to which he serves as our Chief Revenue Officer. Mr. Carrera was named Chief Revenue Officer effective July 26, 2012.

The agreement with Mr. Carrera provides for an initial base salary of \$400,000 per year for the term of his agreement, which ends on August 31, 2015. Mr. Carrera's base salary may be increased in the discretion of the Compensation Committee of the Board of Directors. In addition, Mr. Carrera is eligible to receive a discretionary annual bonus of up to 50% of his then-current base salary. He is also eligible for equity incentive grants under our equity incentive plans.

If Mr. Carrera's employment is terminated by us without cause or by Mr. Carrera for good reason (including a change of control of Entravision), he will be entitled to receive all accrued salary and benefits through the date of termination, any discretionary bonus that is approved by the Compensation Committee of the Board of Directors and a severance payment equal to one year of his then-current base salary. If Mr. Carrera's employment is terminated by us for cause, he will only be entitled to receive accrued salary and benefits through the date of termination and shall be ineligible for any bonus or severance payment.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors and matters pertaining to our corporate governance policies and procedures are set forth in Proposal 1 Election of Directors under the captions Biographical Information Regarding Directors and Corporate Governance in our definitive proxy statement for our 2013 Annual Meeting of Stockholders scheduled to be held on May 30, 2013, or the 2013 Proxy Statement. Such information is incorporated herein by reference. Information regarding compliance by our directors and executive officers and owners of more than ten percent of our Class A common stock with the reporting requirements of Section 16(a) of the Exchange Act is set forth in the proxy statement under the caption Section 16(a) Beneficial Ownership Reporting Compliance. Such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding the compensation of our executive officers and directors is set forth in Proposal 1 Election of Directors under the caption Director Compensation and under the caption Summary of Cash and Certain Other Compensation in the 2013 Proxy Statement. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding ownership of our common stock by certain persons is set forth under the caption Security Ownership of Certain Beneficial Owners and Management and under the caption Summary of Cash and Certain Other Compensation in the 2013 Proxy Statement. Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding relationships or transactions between our affiliates and us is set forth under the caption Certain Relationships and Related Transactions in the 2013 Proxy Statement. Such information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding fees paid to and services performed by our independent accountants is set forth in Proposal 2 Ratification of Appointment of Independent Auditor under the caption Audit and Other Fees in the 2013 Proxy Statement. Such information is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) *Documents filed as part of this report:*

1. Financial Statements

The consolidated financial statements contained herein are as listed on the [Index to Consolidated Financial Statements](#) on page F-1 of this report.

2. Financial Statement Schedule

The consolidated financial statement schedule contained herein is as listed on the [Index to Consolidated Financial Statements](#) on page F-1 of this report. All other schedules have been omitted because they are not applicable, not required, or the information is included in the consolidated financial statements or notes thereto.

3. Exhibits

See Exhibit Index.

(b) *Exhibits:*

The following exhibits are attached hereto and incorporated herein by reference.

Exhibit Number	Exhibit Description
3.1(2)	Second Amended and Restated Certificate of Incorporation
3.2(3)	Third Amended and Restated Bylaws, as adopted on December 9, 2005
3.3(4)	First Amendment to Third Amended and Restated Bylaws
10.1(5)	2000 Omnibus Equity Incentive Plan
10.2(6)	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2000 Omnibus Equity Incentive Plan

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- 10.3(5) Form of Voting Agreement by and among Walter F. Ulloa, Philip C. Wilkinson, Paul A. Zevnik and the registrant
- 10.4(7) Employment Agreement effective as of January 1, 2011 by and between the registrant and Walter F. Ulloa
- 10.5(9) Consulting Agreement effective as of April 25, 2012 by and between the registrant and Philip C. Wilkinson
- 10.6(22) Employment Agreement effective as of September 1, 2012 by and between the registrant and Jeffery A. Liberman
- 10.7 Executive Employment Agreement effective as of May 12, 2011 between the registrant and Christopher T. Young
- 10.8 * Executive Employment Agreement effective as of January 1, 2013 between the registrant and Christopher T. Young

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Exhibit Number	Exhibit Description
10.9 *	Executive Employment Agreement effective as of September 1, 2012 between the registrant and Mario M. Carrera
10.10(10)	Form of Indemnification Agreement for officers and directors of the registrant
10.11(5)	Form of Investors Rights Agreement by and among the registrant and certain of its stockholders
10.12(1)	Amendment to Investor Rights Agreement dated as of September 9, 2005 by and between Entravision Communications Corporation and Univision Communications Inc.
10.13(1)	Letter Agreement regarding registration rights of Univision dated as of September 9, 2005 by and between Entravision Communications Corporation and Univision Communications Inc.
10.14(5)	Office Lease dated August 19, 1999 by and between Water Garden Company L.L.C. and Entravision Communications Company, L.L.C.
10.15(11)	First Amendment to Lease and Agreement Re: Sixth Floor Additional Space dated as of March 15, 2001 by and between Water Garden Company L.L.C., Entravision Communications Company, L.L.C. and the registrant
10.16(8)	Second Amendment to Lease dated as of October 5, 2005 by and between Water Garden Company L.L.C. and the registrant
10.17(23)	Third Amendment to Lease effective as of January 31, 2011 by and between Water Garden Company L.L.C. and the registrant
10.18(12)	Limited Liability Company Agreement of Lotus/Entravision Reps LLC dated as of August 10, 2001
10.19(13)	Master Network Affiliation Agreement, dated as of August 14, 2002, by and between Entravision Communications Corporation and Univision Network Limited Partnership
10.20(24)	Amendment, effective as of October 1, 2011, to Master Network Affiliation Agreement, dated as of August 14, 2002, by and between Entravision Communications Corporation and Univision Network Limited Partnership
10.21(13)	Master Network Affiliation Agreement, dated as of March 17, 2004, by and between Entravision Communications Corporation and TeleFutura
10.22(24)	Amendment, effective as of October 1, 2011, to Master Network Affiliation Agreement, dated as of March 17, 2004, by and between Entravision Communications Corporation and TeleFutura
10.23(2)	2004 Equity Incentive Plan
10.24(14)	First Amendment, dated as of May 1, 2006, to 2004 Equity Incentive Plan
10.25(15)	Second Amendment, dated as of July 13, 2006, to 2004 Equity Incentive Plan
10.26(6)	Form of Stock Option Award under the 2004 Equity Incentive Plan
10.27(16)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.28(17)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.29(18)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.30(19)	Summary of Non-Employee Director Compensation

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Exhibit Number	Exhibit Description
10.31(20)	Indenture, dated as of July 27, 2010, by and among Entravision Communications Corporation, the guarantors named therein and Wells Fargo Bank, National Association, as Trustee
10.32(21)	Purchase Agreement, dated July 22, 2010, by and among Entravision Communications Corporation, the guarantors named therein and Citigroup Global Markets, Inc., as representatives of the initial purchasers
10.33(21)	Registration Rights Agreement, dated July 27, 2010, by and among Entravision Communications Corporation, the guarantors named therein and Citigroup Global Markets, Inc., as representatives of the initial purchasers
10.34(21)	Credit Agreement, dated July 27, 2010, by and among Entravision Communications Corporation, as the Borrower, the other persons designated as Credit Parties, General Electric Capital Corporation, for itself, as a Lender and as Agent for all Lenders, the other financial institutions party thereto and GE Capital Markets, Inc., as Sole Lead Arranger and Bookrunner
10.35(25)	First Amendment, dated February 24, 2012, to Credit Agreement, dated July 27, 2010, by and among Entravision Communications Corporation, as the Borrower, the other persons designated as Credit Parties, General Electric Capital Corporation, for itself, as a Lender and as Agent for all Lenders, the other financial institutions party thereto and GE Capital Markets, Inc., as Sole Lead Arranger and Bookrunner
10.36*	Credit Agreement, dated December 20, 2012, by and among Entravision Communications Corporation, as the Borrower, the other persons designated as Credit Parties, General Electric Capital Corporation, for itself, as a Lender and as Agent for all Lenders, the other financial institutions party thereto and GE Capital Markets, Inc., as Sole Lead Arranger and Bookrunner
10.37(21)	Security Agreement, dated July 27, 2010, by and among Entravision Communications Corporation, each other guarantor from time to time party thereto and General Electric Capital Corporation, as Collateral Trustee
10.38(21)	Collateral Trust and Intercreditor Agreement, dated July 27, 2010, by and among Entravision Communications Corporation, the guarantors from time to time party thereto, Wells Fargo Bank, National Association, as Trustee under the Indenture, the Administrative Agent, the other Priority Debt Representatives from time to time party thereto and General Electric Capital Corporation, as Collateral Trustee
21.1*	Subsidiaries of the registrant
23.1*	Consent of McGladrey LLP
24.1*	Power of Attorney (included after signatures hereto)
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
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document

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Exhibit Number	Exhibit Description
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

- Management contract or compensatory plan, contract or arrangement.
- (1) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed with the SEC on November 9, 2005.
 - (2) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, filed with the SEC on August 9, 2004.
 - (3) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.
 - (4) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed with the SEC on May 11, 2009.
 - (5) Incorporated by reference from our Registration Statement on Form S-1, No. 333-35336, filed with the SEC on April 21, 2000, as amended by Amendment No. 1 thereto, filed with the SEC on June 14, 2000, Amendment No. 2 thereto, filed with the SEC on July 10, 2000, Amendment No. 3 thereto, filed with the SEC on July 11, 2000 and Amendment No. 4 thereto, filed with the SEC on July 26, 2000.
 - (6) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2004, filed with the SEC on March 15, 2005.
 - (7) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on June 2, 2011.
 - (8) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.
 - (9) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on April 27, 2012.
 - (10) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed with the SEC on September 15, 2000.
 - (11) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2000, filed with the SEC on March 28, 2001.
 - (12) Incorporated by reference from our Registration Statement on Form S-3, No. 333-81652, filed with the SEC on January 30, 2002, as amended by Post-Effective Amendment No. 1 thereto, filed with the SEC on February 25, 2002.
 - (13) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed with the SEC on May 10, 2004.
 - (14) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, filed with the SEC on May 10, 2006.
 - (15) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, filed with the SEC on November 9, 2006.
 - (16) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on October 4, 2006.
 - (17) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on March 2, 2007
 - (18) Incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed with the SEC on August 11, 2008.
 - (19) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on July 17, 2006.

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- (20) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on July 27, 2010.
- (21) Incorporated by reference from our Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2010.
- (22) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on September 28, 2012.
- (23) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on March 25, 2011.
- (24) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on January 5, 2011.
- (25) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on February 24, 2012.

(c) *Financial Statement Schedules:*

Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/* WALTER F. ULLOA
Walter F. Ulloa

Chairman and Chief Executive Officer

Date: March 8, 2013

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Walter F. Ulloa and Christopher T. Young, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<i>/s/</i> WALTER F. ULLOA Walter F. Ulloa	Chairman, Chief Executive Officer (principal executive officer) and Director	March 8, 2013
<i>/s/</i> CHRISTOPHER T. YOUNG Christopher T. Young	Executive Vice President, Treasurer and Chief Financial Officer (principal financial officer and principal accounting officer)	March 8, 2013
<i>/s/</i> PHILIP C. WILKINSON Philip C. Wilkinson	Director	March 8, 2013
<i>/s/</i> PAUL A. ZEVNIK	Director	March 8, 2013

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Paul A. Zevnik

/s/ ESTEBAN E. TORRES Director March 8, 2013

Esteban E. Torres

/s/ GILBERT R. VASQUEZ Director March 8, 2013

Gilbert R. Vasquez

/s/ JULES G. BUENABENTA Director March 8, 2013

Jules G. Buenabenta

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ENTRAVISION COMMUNICATIONS CORPORATION

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Other Financial Statements of Entravision Communications Corporation’s Subsidiary, Entravision Holdings, LLC

The following financial statements for Entravision Communications Corporation’s wholly owned subsidiary, Entravision Holdings, LLC, are included pursuant to Regulation S-X, Rule 3-16, Financial Statements of Affiliates Whose Securities Collateralize an Issue Registered or Being Registered.

ENTRAVISION HOLDINGS, LLC

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Entravision Communications Corporation

We have audited the accompanying consolidated balance sheets of Entravision Communications Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule of Entravision Communications Corporation listed in Item 15(a) for each of the three years ended December 31, 2012. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Entravision Communications Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also audited the condensed financial information pursuant to Rule 3-10 of Regulation S-X for the years ended December 31, 2012, 2011, and 2010 which have been included in Note 16 to the consolidated financial statements taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Entravision Communications Corporation's and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 8, 2013 expressed an unqualified opinion on the effectiveness of Entravision Communications Corporation's internal control over financial reporting.

/s/ McGladrey LLP

Los Angeles, California

March 8, 2013

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED BALANCE SHEETS****December 31, 2012 and 2011****(In thousands, except share and per share data)**

	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 36,130	\$ 58,719
Trade receivables, net of allowance for doubtful accounts of \$4,396 and \$3,926 (including related parties of \$4,916 and \$5,608)	48,030	44,270
Prepaid expenses and other current assets (including related parties of \$274 and \$274)	4,245	5,939
Total current assets	88,405	108,928
Property and equipment, net	61,435	65,226
Intangible assets subject to amortization, net (including related parties of \$20,880 and \$23,513)	22,349	24,598
Intangible assets not subject to amortization	220,701	220,701
Goodwill	36,647	36,647
Other assets	8,514	11,221
Total assets	\$ 438,051	\$ 467,321
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 150	\$
Advances payable, related parties	118	118
Accounts payable and accrued expenses (including related parties of \$3,576 and \$5,691)	39,158	39,750
Total current liabilities	39,426	39,868
Long-term debt, less current maturities (net of bond discount of \$2,982 and \$4,134)	340,664	379,662
Other long-term liabilities	7,359	8,327
Deferred income taxes	45,201	40,025
Total liabilities	432,650	467,882
Commitments and contingencies (note 9)		
Stockholders' equity (deficit)		
Class A common stock, \$0.0001 par value, 260,000,000 shares authorized; shares issued and outstanding 2012 54,404,226; 2011 53,514,769	5	5
Class B common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2012 and 2011 22,188,161	2	2
Class U common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2012 and 2011 9,352,729	1	1
Additional paid-in capital	930,814	938,453
Accumulated deficit	(925,421)	(939,022)
Total stockholders' equity (deficit)	5,401	(561)

Total liabilities and stockholders' equity (deficit)	\$ 438,051	\$ 467,321
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See Notes to Consolidated Financial Statements

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****Years ended December 31, 2012, 2011 and 2010****(In thousands, except share and per share data)**

	2012	2011	2010
Net revenue	\$ 223,253	\$ 194,396	\$ 200,476
Expenses:			
Direct operating expenses (including related parties of \$10,599, \$8,373, and \$10,857) (including non-cash stock-based compensation of \$146, \$229 and \$454)	92,256	88,590	84,802
Selling, general and administrative expenses (including non-cash stock-based compensation of \$767, \$812, and \$897)	37,818	36,511	38,046
Corporate expenses (including non-cash stock-based compensation of \$1,738, \$1,302, and \$1,619)	17,976	15,669	18,416
Depreciation and amortization (includes direct operating of \$12,332, \$13,258, and \$13,545; selling, general and administrative of \$2,858, \$3,141, and \$3,557; and corporate of \$1,236, \$2,254, and \$2,127) (including related parties of \$2,633, \$3,617, and \$3,211)	16,426	18,653	19,229
Impairment charge			36,109
	164,476	159,423	196,602
Operating income (loss)	58,777	34,973	3,874
Interest expense (including related parties of \$0, \$30, and \$83)	(35,407)	(37,650)	(24,429)
Interest income	86	3	260
Other income (loss)		687	
Gain (loss) on debt extinguishment	(3,743)	(423)	(987)
Income (loss) before income taxes	19,713	(2,410)	(21,282)
Income tax (expense) benefit	(6,112)	(5,790)	3,376
Income (loss) before equity in net income (loss) of nonconsolidated affiliate	13,601	(8,200)	(17,906)
Equity in net income (loss) of nonconsolidated affiliate			(180)
Net income (loss) applicable to common stockholders	\$ 13,601	\$ (8,200)	\$ (18,086)
Basic and diluted earnings per share:			
Net income (loss) per share applicable to common stockholders, basic and diluted	\$ 0.16	\$ (0.10)	\$ (0.21)
Weighted average common shares outstanding, basic	85,882,646	85,051,066	84,488,930
Weighted average common shares outstanding, diluted	86,314,206	85,051,066	84,488,930

See Notes to Consolidated Financial Statements

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ENTRAVISION COMMUNICATIONS CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)

Years ended December 31, 2012, 2011 and 2010

(In thousands, except share data)

	Number of Common Shares			Common Stock			Additional Paid-in Capital	Accumulated Deficit	Total	
	Class A	Class B	Class U	Treasury Stock	Class A	Class B				Class U
Balance, December 31, 2009	51,807,122	22,587,433	9,352,729		\$ 5	\$ 2	\$ 1	\$ 937,963	\$ (912,736)	\$ 25,235
Issuance of common stock upon exercise of stock options or awards of restricted stock units	771,910							237		237
Stock-based compensation expense, net								2,971		2,971
Class B common stock exchanged for Class A common stock	399,272	(399,272)								
Net income (loss) for the year ended December 31, 2010									(18,086)	(18,086)
Balance, December 31, 2010	52,978,304	22,188,161	9,352,729		\$ 5	\$ 2	\$ 1	\$ 941,171	\$ (930,822)	\$ 10,357
Issuance of common stock upon exercise of stock options or awards of restricted stock units	536,465							41		41
Stock-based compensation expense, net								2,343		2,343
Dividends paid								(5,102)		(5,102)
Net income (loss) for the year ended December 31, 2011									(8,200)	(8,200)
Balance, December 31, 2011	53,514,769	22,188,161	9,352,729		\$ 5	\$ 2	\$ 1	\$ 938,453	\$ (939,022)	\$ (561)
Issuance of common stock upon exercise of stock options or awards of restricted stock units	889,457							23		23
Stock-based compensation expense, net								2,651		2,651
Dividends paid								(10,313)		(10,313)
									13,601	13,601

Net income (loss) for the
year ended December 31,
2012

Balance, December 31, 2012	54,404,226	22,188,161	9,352,729	\$ 5	\$ 2	\$ 1	\$ 930,814	\$ (925,421)	\$ 5,401
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See Notes to Consolidated Financial Statements

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

Years ended December 31, 2012, 2011 and 2010

(In thousands)

	2012	2011	2010
Cash flows from operating activities:			
Net income (loss)	\$ 13,601	\$ (8,200)	\$ (18,086)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	16,426	18,653	19,229
Impairment charge			36,109
Deferred income taxes	6,477	4,565	(4,342)
Amortization of debt issuance costs	2,284	2,207	1,140
Amortization of syndication contracts	707	1,482	1,159
Payments on syndication contracts	(1,698)	(1,976)	(2,724)
Equity in net (income) loss of nonconsolidated affiliate			180
Non-cash stock-based compensation	2,651	2,343	2,970
Other (income) loss		(687)	
(Gain) loss on debt extinguishment	3,743	423	934
Reserve for note receivable			3,018
Change in fair value of interest rate swap agreements			(12,188)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:			
(Increase) decrease in restricted cash		809	(809)
(Increase) decrease in accounts receivable	(3,740)	(574)	2,091
(Increase) decrease in prepaid expenses and other assets	321	336	310
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(740)	(1,770)	8,134
Net cash provided by (used in) operating activities	40,032	17,611	37,125
Cash flows from investing activities:			
Purchases of property and equipment and intangibles	(9,856)	(8,524)	(8,650)
Purchase of a business		(598)	
Net cash provided by (used in) investing activities	(9,856)	(9,122)	(8,650)
Cash flows from financing activities:			
Proceeds from issuance of common stock	23	42	239
Payments on long-term debt	(61,800)	(17,071)	(362,949)
Termination of swap agreements			(4,039)
Dividends paid	(10,313)	(5,102)	
Proceeds from borrowings on long-term debt	20,000		394,888
Payments of capitalized debt offering and issuance costs	(675)	(29)	(11,890)
Net cash provided by (used in) financing activities	(52,765)	(22,160)	16,249
Net increase (decrease) in cash and cash equivalents	(22,589)	(13,671)	44,724
Cash and cash equivalents:			
Beginning	58,719	72,390	27,666

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Ending	\$ 36,130	\$ 58,719	\$ 72,390
Supplemental disclosures of cash flow information:			
Cash payments for:			
Interest	\$ 35,422	\$ 36,428	\$ 30,805
Income taxes	\$ (365)	\$ 1,225	\$ 966

See Notes to Consolidated Financial Statements

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Nature of Business

Entravision Communications Corporation (together with its subsidiaries, hereinafter referred to collectively as the Company) is a diversified Spanish-language media company utilizing a combination of television and radio operations, together with mobile, digital and other interactive media platforms, to reach Hispanic consumers across the United States, as well as the border markets of Mexico. The Company's management has determined that the Company operates in two reportable segments as of December 31, 2012, based upon the type of advertising medium, which consist of television broadcasting and radio broadcasting. As of December 31, 2012, the Company owns and/or operates 56 primary television stations located primarily in California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C., consisting primarily of Univision Communications Inc. (Univision) affiliated stations. Radio operations consist of 49 operational radio stations, 38 FM and 11 AM, in 19 markets located primarily in Arizona, California, Colorado, Florida, Nevada, New Mexico and Texas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investment in Nonconsolidated Affiliates

Except for a variable interest entity, the Company accounts for its investment in its less than majority-owned investees using the equity method under which the Company's share of the net earnings is recognized in the Company's statement of operations. Condensed financial information is not provided, as these operations are not considered to be significant.

Variable Interest Entities

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The Company performs a qualitative analysis to determine if it is the primary beneficiary of a variable interest entity. This analysis includes consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to the variable interest entity. The Company continuously reassesses whether it is the primary beneficiary of a variable interest entity.

The Company has consolidated one entity for which it is the primary beneficiary. Total net assets and results of operations of the entity as of and for the year ended December 31, 2012 are not significant.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's operations are affected by numerous factors, including changes in audience acceptance (i.e., ratings), priorities of advertisers, new laws and governmental regulations and policies and technological advances. The Company cannot predict if any of these factors might have a significant impact on the television and radio advertising industries in the future, nor can it predict what impact, if any, the occurrence of these or other events might have on the Company's operations and cash flows. Significant estimates and assumptions made by management are used for, but not limited to, the allowance for doubtful accounts, stock-based compensation, the estimated useful lives of long-lived and intangible assets, the recoverability of such assets by their estimated future undiscounted cash flows, the fair value of reporting units and indefinite life intangible assets, fair values of derivative instruments, disclosure of the fair value of debt, deferred income taxes and the purchase price allocations used in the Company's acquisitions.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of funds held in general checking accounts, money market accounts and commercial paper. Cash and cash equivalents are stated at cost plus accrued interest, which approximates fair value.

Long-lived Assets, Other Assets and Intangibles Subject to Amortization

Property and equipment are recorded at cost. Depreciation and amortization are provided using the straight-line method over their estimated useful lives (see Note 5). The Company periodically evaluates assets to be held and used and long-lived assets held for sale, when events and circumstances warrant such review.

Syndication contracts are recorded at cost. Syndication amortization is provided using the straight-line method over their estimated useful lives.

Intangible assets subject to amortization are amortized on a straight-line method over their estimated useful lives (see Note 4). Favorable leasehold interests and pre-sold advertising contracts are amortized over the term of the underlying contracts. Deferred debt issuance costs are amortized over the life of the related indebtedness using the effective interest method.

Changes in circumstances, such as the passage of new laws or changes in regulations, technological advances or changes to the Company's business strategy, could result in the actual useful lives differing from initial estimates. Factors such as changes in the planned use of equipment, customer attrition, contractual amendments or mandated regulatory requirements could result in shortened useful lives. In those cases where the Company determines that the useful life of a long-lived asset should be revised, the Company will amortize or depreciate the net book value in excess of the estimated residual value over its revised remaining useful life.

Long-lived assets and asset groups are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. The Company tests its goodwill and other indefinite-lived intangible assets for impairment annually on the first day of its fourth fiscal quarter, or more frequently if certain events or certain changes in circumstances indicate they may be impaired. In assessing the recoverability of goodwill and indefinite life intangible assets, the Company must make a series of assumptions about such things as the estimated future cash flows and other factors to determine the fair value of these assets.

Goodwill impairment testing is a two-step process. The first step is a comparison of the fair values of the Company's reporting units to their respective carrying amounts. The Company has determined that each of its operating segments is a reporting unit. If a reporting unit's estimated fair value is equal to or greater than that reporting unit's carrying value, no impairment of goodwill exists and the testing is complete at the first step. However, if the reporting unit's carrying amount is greater than the estimated fair value, the second step must be completed to measure the amount of impairment of goodwill, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill with its carrying amount to measure the amount of impairment loss, if any. If the implied fair value of goodwill is less than the carrying value of goodwill, then an impairment exists and an impairment loss is recorded for the amount of the difference.

The estimated fair value of goodwill is determined by using a combination of a market approach and an income approach. The market approach estimates fair value by applying sales, earnings and cash flow multiples to each reporting unit's operating performance. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics to the Company's reporting units. The market approach requires the Company to make a series of assumptions, such as selecting comparable companies and comparable transactions and transaction premiums. The current economic conditions have led to a decrease in the number of comparable transactions, which makes the market approach of comparable transactions and transaction premiums more difficult to estimate than in previous years.

The income approach estimates fair value based on the Company's estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk of that reporting unit. The income approach also requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimated discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated revenue projections and profit margin projections based on internal forecasts about future performance.

Indefinite Life Intangible Assets

The Company believes that its broadcast licenses are indefinite life intangible assets. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic or any other factors that may limit the period over which the

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asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. The unit of accounting used to test broadcast licenses represents all licenses owned and operated within an individual market cluster, because such licenses are used together, are complimentary to each other and are representative of the best use of those assets. The

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company's individual market clusters consist of cities or nearby cities. The Company tests its broadcasting licenses for impairment based on certain assumptions about these market clusters.

The estimated fair value of indefinite life intangible assets is determined by using an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets.

Concentrations of Credit Risk and Trade Receivables

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company from time to time may have bank deposits in excess of the FDIC insurance limits. As of December 31, 2012, substantially all deposits are maintained in one financial institution. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade receivable credit risk exposure is limited. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. A valuation allowance is provided for known and anticipated credit losses, as determined by management in the course of regularly evaluating individual customer receivables. This evaluation takes into consideration a customer's financial condition and credit history, as well as current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No interest is charged on customer accounts.

Estimated losses for bad debts are provided for in the financial statements through a charge to expense that aggregated \$1.0 million, \$0.9 million and \$2.9 million for the years ended December 31, 2012, 2011 and 2010, respectively. The net charge off of bad debts aggregated \$0.7 million, \$2.6 million and \$4.1 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Dependence on Business Partners

The Company is dependent on the continued financial and business strength of its business partners, such as the companies from whom it obtains programming. The Company could be at risk should any of these entities fail to perform their obligations to the Company. This in turn could materially adversely affect the Company's own business, results of operations and financial condition.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

As of December 31, 2012 and 2011, the fair value of the Company's long-term debt was approximately \$371.3 million and \$376.1 million, respectively, based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities with similar collateral requirements.

The carrying values of receivables, payables and accrued expenses approximate fair value due to the short maturity of these instruments.

Off-balance Sheet Financings and Liabilities

Other than lease commitments, legal contingencies incurred in the normal course of business, appreciation right agreements, employment contracts for key employees and the interest rate swap agreements (see Notes 7, 9 and 13), the Company does not have any off-balance sheet financing arrangements or liabilities. The Company does not have any majority-owned subsidiaries or any interests in, or relationships with, any material variable-interest entities that are not included in the consolidated financial statements.

Income Taxes

Deferred income taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when it is determined to be more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

In evaluating the Company's ability to realize net deferred tax assets, the Company considers all reasonably available evidence including past operating results, tax strategies and forecasts of future taxable income. In considering these factors, the Company makes certain assumptions and judgments that are based on the plans and estimates used to manage the business.

Advertising Costs

Amounts incurred for advertising costs with third parties are expensed as incurred. Advertising expense totaled approximately \$0.3 million, \$0.4 million and \$0.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Legal Costs

Amounts incurred for legal costs that pertain to loss contingencies are expensed as incurred.

Repairs and Maintenance

All costs associated with repairs and maintenance are expensed as incurred.

Revenue Recognition

Television and radio revenue related to the sale of advertising is recognized at the time of broadcast. Revenue for contracts with advertising agencies is recorded at an amount that is net of the commission retained by the agency. Revenue from contracts directly with the advertisers is recorded at gross revenue and the related commission or national representation fee is recorded in operating expense. Cash payments received prior to services rendered result in deferred revenue, which is then recognized as revenue when the advertising time or space is actually provided.

The Company also generates interactive revenues under arrangements that are sold on a standalone basis and those that are sold on a combined basis that are integrated with its broadcast revenue and reported within the television and radio segments. The Company has determined that these integrated revenue arrangements include multiple deliverables and has separated them into different units of accounting based on their relative sales price based upon management's best estimate. Revenue for each unit of accounting is recognized as it is earned.

In August 2008, the Company entered into a proxy agreement with Univision pursuant to which it granted Univision the right to negotiate as an agent the terms of agreements providing for the carriage of its Univision- and UniMás-affiliated television station signals by cable, satellite and internet-based television service providers. 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 UniMás-affiliated television station signals. Revenue for the carriage of the Company's Univision- and UniMás-affiliated television station signals is recognized over the life of each agreement with the cable, satellite and internet-based television service providers. Advertising related to carriage of the Company's Univision- and UniMás-affiliated television station signals is recognized at the time of broadcast. Retransmission consent revenue was \$20.2 million, \$17.1 million and \$13.7 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Trade Transactions

The Company exchanges broadcast time for certain merchandise and services. Trade revenue is recognized when commercials air at the fair value of the goods or services received or the fair value of time aired, whichever is more readily determinable. Trade expense is recorded when the goods or services are used or received. Trade revenue was approximately \$0.6 million, \$0.8 million and \$1.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Trade costs were approximately \$0.6 million, \$0.8 million and \$1.0 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation according to the provisions of ASC 718, *Stock Compensation*, which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors including employee stock options, restricted stock awards, restricted stock units, and employee stock purchases under the 2001 Employee Stock Purchase Plan (the *Purchase Plan*) based on estimated fair values.

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

ASC 718 requires companies to estimate the fair value of stock options on the date of grant using an option pricing model. The fair value of restricted stock awards and restricted stock units is based on the closing market price of the Company's common stock on the date of grant. The value of the portion of the award that is ultimately expected to vest has been reduced for estimated forfeitures and is recognized as expense over the requisite service periods in the consolidated statements of operations. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company selected the Black-Scholes option pricing model as the most appropriate method for determining the estimated fair value for stock options. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions which determine the fair value of stock-based awards, including the option's expected term, expected volatility of the underlying stock, risk-free rate, and expected dividends. The expected volatility is based on historical volatility of the Company's common stock and other relevant factors. The expected term assumptions are based on the Company's historical experience and on the terms and conditions of the stock-based awards. The risk free-rate is based on observed interest rates appropriate for the expected terms of the Company's stock options.

The Company classifies cash flows from excess tax benefits from exercised options in excess of the deferred tax asset attributable to stock-based compensation costs as financing cash flows.

Earnings (Loss) Per Share

The following table illustrates the reconciliation of the basic and diluted per share computations (in thousands, except share and per share data):

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Basic and diluted earnings per share:			
Numerator:			
Net income (loss) applicable to common stockholders	\$ 13,601	\$ (8,200)	\$ (18,086)
Denominator:			
Weighted average common shares outstanding, basic and diluted	85,882,646	85,051,066	84,488,930
Per share:			
Net income (loss) per share applicable to common stockholders	\$ 0.16	\$ (0.10)	\$ (0.21)
Diluted earnings per share:			
Numerator:			
Net income (loss) applicable to common stockholders	\$ 13,601	\$ (8,200)	\$ (18,086)
Denominator:			

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Weighted average common shares outstanding	85,882,646	85,051,066	84,488,930
Dilutive securities:			
Stock options	89,418		
Restricted stock units	342,142		
Diluted shares outstanding	86,314,206	85,051,066	84,488,930
Per share:			
Net income (loss) per share applicable to common stockholders	\$ 0.16	\$ (0.10)	\$ (0.21)

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

For the year ended December 31, 2012, a total of 8,573,761 shares of dilutive securities were not included in the computation of diluted income per share because the exercise prices of the dilutive securities were greater than the average market price of the common shares.

For the years ended December 31, 2011 and 2010, dilutive securities have been excluded, as their inclusion would have had an antidilutive effect on loss per share. 610,650 and 813,108 equivalent shares of stock options, restricted stock units and shares purchased under the Employee Stock Purchase Plan were not included in determining the weighted average shares outstanding for diluted loss per share since their inclusion would be antidilutive for the years ended December 31, 2011 and 2010, respectively.

Comprehensive Income

For the years ended December 31, 2012, 2011 and 2010, the Company had no components of comprehensive income.

Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02). Under this guidance, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. ASU 2012-02 is effective during interim and annual periods beginning after September 15, 2012.

3. ACQUISITIONS

Upon consummation of each acquisition the Company evaluates whether the acquisition constitutes a business. An acquisition is considered a business if it is comprised of a complete self-sustaining integrated set of activities and assets consisting of inputs and processes applied to those inputs that are used to generate revenues. For a transferred set of activities and assets to be a business, it must contain all of the inputs and processes necessary for it to continue to conduct normal operations after the transferred set is separated from the transferor, which includes the ability to sustain a revenue stream by providing its outputs to customers. A transferred set of activities and assets fails the definition of a business if it excludes one or more significant items such that it is not possible for the set to continue normal operations and sustain a revenue stream by providing its products and/or services to customers.

All business acquisitions have been accounted for as purchase business combinations with the operations of the businesses included subsequent to their acquisition dates. The allocation of the respective purchase prices is generally based upon independent appraisals and or management's estimates of the discounted future cash flows to be generated from the media properties for intangible assets, and replacement cost for tangible assets. Deferred income taxes are provided for temporary differences based upon management's best estimate of the tax basis of acquired assets and liabilities that will ultimately be accepted by the applicable taxing authority.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****2011 Acquisition***

On January 3, 2011, the Company completed the acquisition of Lotus/Entravision Reps LLC, or LER, a representation firm that sells national spots and digital advertising to advertising agencies on behalf of the Company and other clients. The Company previously owned 50% of LER which was accounted for under the equity method. The Company decided to acquire the 50% of LER that it did not own in order to integrate LER's operations with the Company's radio operations. The Company paid \$1.1 million for the remaining 50% of LER.

As a result of the Company obtaining control of LER, the Company's previously-held 50% 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 purchase price allocation for the Company's acquisition of LER (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 acquired receivables approximate their fair value inclusive of collection risk, which was not significant. Acquisition-related costs were not significant and LER's historical revenue and net income were not significant to the Company's results for any of the periods presented.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

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The carrying amount of goodwill for each of the Company's operating segments for the years ended December 31, 2012 and 2011 is as follows (in thousands):

	Television	Radio	Total
December 31, 2012 and 2011	\$ 35,912	\$ 735	\$ 36,647

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The composition of the Company's acquired intangible assets and the associated accumulated amortization as of December 31, 2012 and 2011 is as follows (in thousands):

	Weighted average remaining life in years	2012			2011		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:							
Television network affiliation agreements	9	\$ 65,089	\$ 44,210	\$ 20,879	\$ 65,089	\$ 41,577	\$ 23,512
Customer base	4	746	382	364	746	292	454
Other	17	25,655	24,549	1,106	25,155	24,523	632
Total intangible assets subject to amortization		\$ 91,490	\$ 69,141	22,349	\$ 90,990	\$ 66,392	24,598
Intangible assets not subject to amortization:							
FCC licenses				220,701			220,701
Total intangible assets				\$ 243,050			\$ 245,299

The aggregate amount of amortization expense for the years ended December 31, 2012, 2011 and 2010 was approximately \$2.7 million, \$3.8 million and \$3.4 million, respectively. Estimated amortization expense for each of the years ended December 31, 2013 through 2017 is as follows (in thousands):

Estimated Amortization Expense	Amount
2013	\$ 2,400
2014	2,400
2015	2,400
2016	2,400
2017	2,400

Impairment

The Company has identified each of its two operating segments to be separate reporting units: television broadcasting and radio broadcasting. The carrying values of the reporting units are determined by allocating all applicable assets (including goodwill) and liabilities based upon the unit in which the assets are employed and to which the liabilities relate, considering the methodologies utilized to determine the fair value of the

reporting units.

Goodwill and indefinite life intangibles are not amortized but are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that the assets might be impaired. The annual testing date is October 1.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2012

The Company conducted a review of the fair value of the television and radio reporting units in 2012. The fair value of each reporting unit was primarily determined by using a combination of a market approach and an income approach. The income approach estimates fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk of that reporting unit. The income approach also requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimated the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on internal forecasts about future performance. The market-based approach used comparable company earnings multiples. Based on the assumptions and projections, the television and radio reporting unit fair values were both greater than their respective carrying values. As a result, the Company passed the first step of the goodwill impairment test for both reporting units and no impairment of goodwill was recorded.

The Company also conducted a review of the fair value of the television and radio FCC licenses in 2012. The estimated fair value of indefinite life intangible assets is determined by an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. Based on the assumptions and estimates, the Company did not record impairment of FCC licenses.

2011

The Company conducted a review of the fair value of the radio reporting unit in 2011. The fair value was primarily determined by using a combination of a market approach and an income approach. The income approach estimates fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the overall level of inherent risk of that reporting unit. The income approach also requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimated the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in radio industry. The Company estimated the revenue projections and profit margin projections based on internal forecasts about future performance. The market-based approach used comparable company earnings multiples. Based on the assumptions and projections, the radio reporting unit's fair value was greater than its carrying value. As a result, the Company passed the first step of the goodwill impairment test and no impairment of goodwill of the radio reporting unit was recorded.

The Company also conducted a review of the television reporting unit. The Company performed a qualitative assessment and determined that it is more likely than not that its fair value is greater than its carrying amount. As such, the two-step impairment test was unnecessary and no impairment of goodwill of the television reporting unit was recorded.

The Company also conducted a review of the fair value of the television and radio FCC licenses in 2011. The estimated fair value of indefinite life intangible assets is determined by an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. Based on the assumptions and estimates, the Company did not record impairment of FCC licenses.

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2012 and 2011 consists of (in millions):

	Estimated useful life (years)	2012	2011
Buildings	39	\$ 18.6	\$ 18.5
Construction in progress		1.3	2.2
Transmission, studio and other broadcast equipment	5-15	158.0	156.7
Office and computer equipment	3-7	21.0	22.5
Transportation equipment	5	6.3	6.0
Leasehold improvements and land improvements	Lesser of lease life or useful life	22.2	21.1
		227.4	227.0
Less accumulated depreciation		173.4	169.2
		54.0	57.8
Land		7.4	7.4
		\$ 61.4	\$ 65.2

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of December 31, 2012 and 2011 consist of (in millions):

	2012	2011
Accounts payable	\$ 6.9	\$ 5.6
Accrued payroll and compensated absences	5.3	4.7
Professional fees	0.4	0.6
Accrued interest	11.8	14.1
Deferred revenue	2.3	2.4
Accrued national representation fees	1.3	2.0
Other	11.2	10.4

\$ 39.2 \$ 39.8

7. LONG-TERM DEBT

Long-term debt as of December 31, 2012 and 2011 is summarized as follows (in millions):

	2012	2011
Notes, net of discount of \$3.0 million and \$4.1 million	\$ 320.9	\$ 379.7
Term Loan	\$ 20.0	\$ 0.0
	340.9	379.7
Less current maturities	0.2	
	\$ 340.7	\$ 379.7

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The scheduled maturities of long-term debt as of December 31, 2012 are as follows (in millions):

Year	Amount
2013	\$ 0.2
2014	0.2
2015	0.2
2016	19.4
2017	323.8
	\$ 343.8

For the years ended December 31, 2012 and 2011, the Company recognized an increase of \$0.6 million in interest expense, related to amortization of the bond discount.

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 to 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.

During the fourth quarter of 2011, the Company purchased Notes on the open market with a principal amount of \$16.2 million. The Company recorded a loss on debt extinguishment of \$0.4 million primarily due to the write off of unamortized finance costs and unamortized bond discount.

During the second quarter of 2012, the Company repurchased Notes with a principal amount of \$20.0 million pursuant to the optional redemption provisions in the Indenture. The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. The Company recorded a loss on debt extinguishment of \$1.2 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

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During the fourth quarter of 2012, the Company repurchased Notes with a principal amount of \$40.0 million pursuant to the optional redemption provisions in the Indenture. The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. The Company recorded a loss on debt extinguishment of \$2.5 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

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

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. In addition, the Company may at any time and from time to time purchase Notes in the open market or otherwise.

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 December 31, 2012 was \$320.9 million and \$351.3 million, respectively. The estimated fair value is based on quoted market prices for the Notes.

2012 Credit Facility

On December 20, 2012, the Company also entered into a new term loan and revolving credit facility of up to \$50 million (the 2012 Credit Facility) pursuant to the amended Credit Agreement. The 2012 Credit Facility consists of a four-year \$20 million term loan facility and a four-year \$30 million revolving credit facility that expires on December 20, 2016, which includes a \$3 million sub-facility for letters of credit. As of December 31,

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2012, the Company had approximately \$0.6 million in outstanding letters of credit. In addition, the Company may increase the aggregate principal amount of the 2012 Credit Facility by up to an additional \$50 million, subject to the Company satisfying certain conditions.

Borrowings under the 2012 Credit Facility bear interest at either: (i) the Base Rate (as defined in the agreement governing the 2012 Credit Facility (the amended Credit Agreement)) plus the Applicable Margin (as defined in the amended Credit Agreement); or (ii) LIBOR plus the Applicable Margin (as defined in the amended Credit Agreement). The Company has not drawn on the revolving credit facility of the 2012 Credit Facility.

The 2012 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 2012 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 2012 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 credit facility that was in effect at that time.

The amended Credit Agreement also requires compliance with a total net leverage ratio financial covenant in the event that the revolving credit facility is drawn in an amount in excess of \$3 million, net of certain letter of credit obligations.

Upon an event of default, as defined in the amended Credit Agreement, the lender 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 2012 Credit Facility to be immediately due and payable. The amended 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 amended 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 2012 Credit Facility for the benefit of the holders of the Notes and the lender under the 2012 Credit Facility; and

An Intercreditor Agreement, in order to define the relative rights of the holders of the Notes and the lender under the 2012 Credit Facility with respect to the collateral securing the Company's and the Guarantors' respective obligations under the Notes and the 2012 Credit Facility; and

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A Registration Rights Agreement, pursuant to which the Company 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 amended 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 the Company's assets;

engage in acquisitions;

make certain investments;

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

make certain restricted payments;

use loan proceeds to purchase or carry margin stock or for any other prohibited purpose;

incur certain contingent obligations;

enter into certain transactions with affiliates; and

change the nature of the Company's 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 amended 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 lender under the 2012 Credit Facility.

Moreover, if the Company fails to comply with any of the financial covenants or ratios under the 2012 Credit Facility, the lender 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.

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The carrying amount and estimated fair value of the term loan as of December 31, 2012 was \$20 million. The estimated fair value is based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities with similar collateral requirements.

Syndicated Bank Credit Facility

In July 2010, the Company repaid all amounts then outstanding under its previous syndicated bank credit facility and terminated the amended syndicated bank credit facility agreement. All references to and discussions regarding the syndicated bank credit facility and the amended syndicated bank credit facility agreement in this report should be considered in light of this fact.

In September 2005, the Company entered into its previous \$650 million senior secured syndicated bank credit facility, consisting of a 7 ¹/₂ year \$500 million term loan and a 6 ¹/₂ year \$150 million new facility. The term loan under the syndicated bank credit facility had been drawn in full, the proceeds of which were used (i) to refinance \$250 million outstanding under the former syndicated bank credit facility, (ii) to complete a tender offer for the previously outstanding \$225 million senior subordinated notes, and (iii) for general corporate purposes. The Company's ability to make additional borrowings under the syndicated bank credit facility was subject to compliance with certain financial covenants, including financial ratios, and other conditions set forth in the syndicated bank credit facility.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On March 16, 2009, the Company entered into an amendment to its previous syndicated bank credit facility agreement. Pursuant to this amendment, among other things:

The interest that the Company paid under the credit facility increased. Both the revolver and term loan borrowings under the amendment bore interest at a variable interest rate based on either LIBOR or a base rate, in either case plus an applicable margin that varies depending upon the leverage ratio. Borrowings under both the revolver and term loan bore interest at LIBOR plus a margin of 5.25% when the leverage ratio was greater than or equal to 5.0.

The total amount of the revolver facility was reduced from \$150 million to \$50 million. The new facility bore interest at LIBOR plus a margin ranging from 3.25% to 5.25% based on leverage covenants. In addition, the Company paid a quarterly unused commitment fee ranging from 0.25% to 0.50% per annum, depending on the level of facility used.

There were more stringent financial covenants relating to maximum allowed leverage ratio, maximum capital expenditures and fixed charge coverage ratio. Beginning March 16, 2009 through December 31, 2009, the maximum allowed leverage ratio, or the ratio of consolidated total debt to trailing-twelve-month consolidated adjusted EBITDA, was 6.75. The maximum allowed leverage ratio decreased to 6.50 in the first quarter of 2010.

There was a mandatory prepayment clause for 100% of the proceeds of certain asset dispositions, regardless of the leverage ratio. In addition, if the Company had excess cash flow, as defined in the syndicated bank credit facility, 75% of such excess cash flow must be used to reduce the outstanding loan balance on a quarterly basis.

Beginning March 31, 2009, the senior leverage ratio and net leverage ratio were eliminated.

The Company was restricted from making future repurchases of shares of common stock, except under a limited circumstance, which the Company utilized in May 2009.

The amended syndicated bank credit facility also required the Company to maintain FCC licenses for broadcast properties and continued restrictions on the incurrence of additional debt, the payment of dividends, the marking of acquisitions and the sale of assets.

The amendment also contained additional covenants, representations and provisions that are usual and customary for credit facilities of this type. All other provisions of the credit facility agreement, as amended, remain in full force and effect unless expressly amended or modified by the amendment.

At the time of entering into this amendment, the Company made a prepayment of \$40 million to reduce the outstanding amount of the term loans and paid the lenders an amendment fee.

The Company recorded a loss on debt extinguishment of \$1.0 million for fees and unamortized finance costs associated with the termination of the syndicated bank credit facility during the year ended December 31, 2010.

Derivative Instruments

All of the interest rate swap agreements were terminated on July 27, 2010. All references to and discussions regarding the derivative instruments in this report should be considered in light of this fact.

The Company used interest rate swap agreements to manage its exposure to the risks associated with changes in interest rates. The Company does not enter into derivative instruments for speculation or trading

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

purposes. The interest rate swap agreements converted a portion of the variable rate term loan into a fixed rate obligation. These interest rate swap agreements were not designated for hedge accounting treatment, and as a result, changes in their fair values were reflected in earnings.

For the year ended December 31, 2010, the Company recognized a decrease of \$13.4 million in interest expense related to the increase in fair value of the interest rate swap agreements. The following table presents the effect of the interest rate swap agreements on the consolidated statements of operations for the year ended December 31, 2010 (in millions):

Derivatives Not Designated As Hedging Instruments	Location of Income (Loss)	December 31, 2010
Interest rate swap agreements	Interest expense	\$ 13.4

Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, defines and establishes a framework for measuring fair value and expands disclosures about fair value measurements. In 2009, the Company adopted ASC 820 related to the accounting and disclosure of fair value measurements for nonfinancial assets and liabilities. In accordance with ASC 820, the Company has categorized its nonfinancial assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below.

Level 1 Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the company has the ability to access at the measurement date.

Level 2 Assets and liabilities whose values are based on quoted prices for similar attributes in active markets; quoted prices in markets where trading occurs infrequently; and inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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The following table presents the Company's nonfinancial assets measured at fair value on a nonrecurring basis, based on the fair value hierarchy as of December 31, 2010 (in millions):

Nonfinancial Assets	Level 3 2010
Intangible assets not subject to amortization (FCC licenses)	\$ 67.8

In 2010, the Company wrote down its TV and radio FCC licenses with carrying amounts of \$94.0 million to their fair values of \$67.8 million and as a result, recognized impairment losses of \$26.2 million, which the Company included in impairment charge on the consolidated statements of operations for the year ended December 31, 2010. In 2010 the Company wrote down its radio goodwill with a carrying amount of \$9.9 million to \$0, and as a result, recognized an impairment loss of \$9.9 million, which the Company included in impairment charge on the consolidated statements of operations for the year ended December 31, 2010. For further discussion on the calculation of fair value and the determination of impairment see Note 4, Goodwill and Other Intangible Assets .

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The provision (benefit) for income taxes from continuing operations for the years ended December 31, 2012, 2011 and 2010 (in millions):

	2012	2011	2010
Current			
Federal	\$	\$	\$ (1.1)
State	0.6	0.4	0.1
Foreign	0.3	0.6	0.3
	0.9	1.0	(0.7)
Deferred			
Federal	4.8	4.4	(2.8)
State	0.4	0.4	0.1
	5.2	4.8	(2.7)
Total provision for taxes	\$ 6.1	\$ 5.8	\$ (3.4)

The income tax provision (benefit) differs from the amount of income tax determined by applying the U.S. federal income tax rate of 34% to pre-tax income for the years ended December 31, 2012, 2011 and 2010 due to the following (in millions):

	2012	2011	2010
Computed expected tax provision (benefit)	\$ 6.7	\$ (0.8)	\$ (7.4)
Change in income tax resulting from:			
State taxes, net of federal benefit	1.2	0.4	0.1
Goodwill impairment			2.9
Foreign taxes	0.3	0.6	0.3
Change in valuation allowance	(2.2)	5.6	1.0
FIN 48 adjustment			(0.4)
Other	0.1		0.1
	\$ 6.1	\$ 5.8	\$ (3.4)

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The components of the deferred tax assets and liabilities at December 31, 2012, 2011 and 2010 consist of the following (in millions):

	2012	2011
Deferred tax assets:		
Accrued expenses	\$ 2.8	\$ 3.0
Accounts receivable	2.8	2.6
Net operating loss carryforward	110.5	103.7
Stock-based compensation	4.4	4.3
Capital loss in investment in a domestic subsidiary	10.2	10.4
Intangible assets	25.8	36.6
Credits	0.8	1.0
Other	3.5	3.4
	160.8	165.0
Valuation allowance	(145.5)	(148.4)
Net deferred tax assets	\$ 15.3	\$ 16.6
Deferred tax liabilities:		
Non-long lived intangible assets	\$ (4.3)	\$ (4.3)
Long-lived Intangible assets	(48.3)	(42.9)
Property and equipment	(2.0)	(3.0)
Deferred state taxes	(5.5)	(5.9)
	(60.1)	(56.1)
	\$ (44.8)	\$ (39.5)

Deferred income tax amounts are classified on the balance sheet as follows (in millions):

	2012	2011
Prepaid expenses and other current assets	\$ 0.4	\$ 0.5
Deferred income taxes	(45.2)	(40.0)
	\$ (44.8)	\$ (39.5)

As of December 31, 2012, the Company has federal and state net operating loss carryforwards of approximately \$294.3 and \$210.1 million, respectively, available to offset future taxable income. The federal net operating loss carryforwards will expire during the years 2020 through 2032. The state net operating loss carryforwards will expire during the years 2013 through 2033. Of the \$210.1 million of state net operating loss

carryforwards, \$13.3 million will expire in 2013.

For the years ended December 31, 2012 and 2011, the Company had a valuation allowance of \$145.5 million and \$148.4 million, respectively, as the Company believes that it is more likely than not that its tax assets will not be fully realized.

As of December 31, 2012, the Company's utilization of its available net operating loss carryforwards against future taxable income is not restricted pursuant to the change in ownership rules in Section 382 of the Internal Revenue Code. However in subsequent periods, the utilization of its available net operating loss carryforwards against future taxable income may be restricted pursuant to the change in ownership rules in

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Section 382 of the Internal Revenue Code. These rules in general provide that an ownership change occurs when the percentage shareholdings of 5% direct or indirect shareholders of a loss corporation have in aggregate increased by more than 50 percentage points during the immediately preceding three years.

The Company addresses uncertainty in tax positions according to the provisions of ASC 740, *Income Taxes*, which clarifies the accounting for income taxes by establishing the minimum recognition threshold and a measurement attribute for tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements.

The following table summarizes the activity related to the Company's unrecognized tax benefits (in millions):

	Amount
Balance at December 31, 2010	\$ 6.4
Change in balances related to tax positions	
Balance at December 31, 2011	\$ 6.4
Change in balances related to tax positions	
Balance at December 31, 2012	\$ 6.4

As of December 31, 2012, the Company had \$6.4 million of gross unrecognized tax benefits for uncertain tax positions, of which \$0.9 million would affect the effective tax rate if recognized.

The Company does not anticipate that the amount of unrecognized tax benefits as of December 31, 2012 will significantly increase or decrease within the next 12 months.

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. As of December 31, 2012, the Company had no significant accrued interest and penalties related to uncertain tax positions due to the net operating loss.

The Company is subject to taxation in the United States, various states and Mexico. The tax years 2009 to 2012 and 2008 to 2012 remain open to examination by federal and state taxing jurisdictions, respectively, and the tax years 2002 to 2012 remain open to examination by foreign jurisdiction. Net operating losses from years from which the statute of limitations have expired (2008 and prior for federal and 2007 and prior for state) could be adjusted in the event that the taxing jurisdictions challenge the amounts of net operating loss carryforwards from such years.

9. COMMITMENTS AND CONTINGENCIES

The Company has non-cancelable agreements with certain media research and ratings providers, expiring at various dates through December 2015, to provide television and radio audience measurement services. Pursuant to these agreements, the Company is obligated to pay these providers a total of approximately \$31.7 million. The annual commitments range from \$6.8 million to \$12.6 million.

The Company leases facilities and broadcast equipment under various non-cancelable operating lease agreements with various terms and conditions, expiring at various dates through November 2050.

The Company's corporate headquarters are located in Santa Monica, California. The Company leases approximately 16,000 square feet of space in the building housing its corporate headquarters under a lease

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expiring in 2021. The Company also leases approximately 45,000 square feet of space in the building housing its radio network in Los Angeles, California, under a lease expiring in 2016.

The types of properties required to support each of the Company's television and radio stations typically include offices, broadcasting studios and antenna towers where broadcasting transmitters and antenna equipment are located. The majority of the Company's office, studio and tower facilities are leased pursuant to non-cancelable long-term leases. The Company also owns the buildings and/or land used for office, studio and tower facilities at certain of its television and/or radio properties. The Company owns substantially all of the equipment used in its television and radio broadcasting business.

The approximate future minimum lease payments under these non-cancelable operating leases at December 31, 2012 are as follows (in millions):

	Amount
2013	8.2
2014	8.2
2015	7.6
2016	6.0
2017	3.8
Thereafter	21.8
	\$ 55.6

Total rent expense under operating leases, including rent under month-to-month arrangements, was approximately \$10.2 million, \$10.1 million and \$10.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Employment Agreements

The Company has entered into an employment agreement (the "Employment Agreement") through December 2013 with an executive officer who is also a stockholder and director. The Employment Agreement provides that a minimum annual base salary and a bonus be paid. The company paid a total of \$0.5 million, \$0.0 million, and \$0.3 million of bonuses to this executive for the years ended December 31, 2012, 2011 and 2010, respectively. Additionally, the Employment Agreement provides for a continuation of the executive's annual base salary and annual bonus through the end of the employment period if the executive is terminated due to a permanent disability or without cause, as defined in the Employment Agreement.

10. STOCKHOLDERS EQUITY

The Second Amended and Restated Certificate of Incorporation of the Company authorizes both common and preferred stock.

Common Stock

The Company's common stock has three classes, identified as A, B and U. The Class A common stock and Class B common stock have similar rights and privileges, except that the Class B common stock is entitled to ten votes per share as compared to one vote per share for the Class A common stock. Each share of Class B common stock is convertible at the holder's option into one fully paid and nonassessable share of Class A common stock.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and is required to be converted into one share of Class A common stock upon the occurrence of certain events as defined in the Second Amended and Restated Certificate of Incorporation.

The Class U common stock, which is held by Univision, has limited voting rights and does not include the right to elect directors. 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.

During the year ended December 31, 2012, the Company paid a cash dividend of \$0.12 per share, or \$10.3 million, on all shares of Class A, Class B, and Class U common stock. During the year ended December 31, 2011, the Company paid a cash dividend of \$0.06 per share, or \$5.1 million, on all shares of Class A, Class B, and Class U common stock.

Treasury Stock

On November 1, 2006, the Company's Board of Directors approved a \$100 million stock repurchase program. The Company was authorized to repurchase up to \$100 million of its 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, the Company's Board of Directors approved an additional \$100 million stock repurchase program. The Company has repurchased a total of 20.8 million shares of Class A common stock for approximately \$120.3 million under both plans from inception through December 31, 2012. The Company did not repurchase any shares of Class A common stock during 2010, 2011 or 2012. Subject to certain exceptions, both the Indenture and the Credit Agreement contain various provisions that limit the Company's ability to make future repurchases of shares of the Company's common stock.

11. EQUITY INCENTIVE PLANS

In May 2004, the Company adopted its 2004 Equity Incentive Plan (2004 Plan), which replaced its 2000 Omnibus Equity Incentive Plan (2000 Plan). The 2000 Plan had allowed for the award of up to 11,500,000 shares of Class A common stock. The 2004 Plan allows for the award of up to 10,000,000 shares of Class A common stock, plus any grants remaining available at its adoption date under the 2000 Plan. Awards under the 2004 Plan may be in the form of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock or restricted stock units. The 2004 Plan is administered by a committee appointed by the Board. This committee determines the type, number, vesting requirements and other features and conditions of such awards. Generally, stock options granted from the 2000 Plan have a contractual term of ten years from the date of the grant and vest over four or five years and stock options granted from the 2004 Plan have a contractual term of ten years from the date of the grant and vest over four years.

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The 2004 Plan was amended by the Compensation Committee effective July 13, 2006 to (i) eliminate automatic option grants for non-employee directors, making any grants to such directors discretionary by the Compensation Committee and (ii) eliminate the three-year minimum vesting period for performance-based restricted stock and restricted stock units, making the vesting period for such grants discretionary by the Compensation Committee.

The Company has issued stock options and restricted stock units to various employees and non-employee directors of the Company in addition to non-employee service providers under both the 2004 Plan and the 2000 Plan.

The actual tax benefit realized for the tax deductions from option exercise of share-based payment arrangements for the years ended December 31, 2012, 2011, and 2010 was insignificant.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Stock Options*

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Stock-based compensation expense related to stock options is based on the fair value on the date of grant and is amortized over the vesting period, generally between 1 to 3 years. Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of stock options granted is based on historical contractual life and the vesting data of the stock options. The risk-free rate for periods within the contractual life of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value of each stock option granted was estimated using the following weighted-average assumptions:

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Fair value of options granted	\$ 1.26	\$ 1.33	\$ 2.10
Expected volatility	89%	78%	79%
Risk-free interest rate	1.5%	2.2%	2.8%
Expected lives	7.0 years	7.0 years	7.0 years
Dividend rate			

The following is a summary of stock option activity: (in thousands, except exercise price data and contractual life data):

Options	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2009	10,169	\$ 8.90		
Granted	200	\$ 2.87		
Exercised	(138)	1.73		\$ 192
Forfeited or cancelled	(2,375)	14.68		
Outstanding at December 31, 2010	7,856	\$ 7.12		
Granted	260	\$ 2.03		
Exercised	(25)	1.73		\$ 14
Forfeited or cancelled	(886)	9.39		

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Outstanding at December 31, 2011	7,205	\$	6.68		
Granted	2,592	\$	1.64		
Exercised	(50)		0.46		\$ 45
Forfeited or cancelled	(1,540)		9.72		
Outstanding at December 31, 2012	8,207	\$	4.55	5.39	\$ 244
Exercisable at December 31, 2012	6,266	\$	5.46	4.19	\$ 180
Expected to Vest at December 31, 2012	1,941	\$	1.64	9.28	\$ 64

Stock-based compensation expense related to the Company's employee stock option plans was \$1.6 million, \$0.7 million and \$1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2012, there was approximately \$1.4 million of total unrecognized compensation expense related to the Company's employee stock option plans that is expected to be recognized over a weighted-average period of 1.3 years.

Restricted Stock and Restricted Stock Units

The following is a summary of nonvested restricted stock and restricted stock units activity: (in thousands, except grant date fair value data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Nonvested balance at December 31, 2009	1,240	\$ 7.04
Granted	875	2.50
Vested	(634)	6.67
Forfeited or cancelled	(40)	7.61
Nonvested balance at December 31, 2010	1,441	\$ 4.43
Granted	1,003	1.78
Vested	(512)	5.28
Forfeited or cancelled	(22)	3.69
Nonvested balance at December 31, 2011	1,910	\$ 2.81
Vested	(840)	3.37
Forfeited or cancelled	(55)	1.97
Nonvested balance at December 31, 2012	1,015	\$ 2.43

Stock-based compensation expense related to grants of restricted stock and restricted stock units was \$1.0 million, \$1.6 million and \$1.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, there was approximately \$0.4 million of total unrecognized compensation expense related to grants of restricted stock and restricted stock units that is expected to be recognized over a weighted-average period of 0.7 years.

The fair value of shares vested related to grants of restricted stock and restricted stock units was \$1.3 million, \$1.3 million, and \$2.2 million for the years ended December 31, 2012, 2011 and 2010, respectively.

12. RELATED-PARTY TRANSACTIONS

Univision provides network compensation to the Company and acts as the Company's exclusive sales representative for the sale of all national advertising aired on Univision-affiliate television stations.

At December 31, 2012 Univision owns approximately 10% of the Company's common stock on a fully-converted basis.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Class U common stock 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.

In August 2008, the Company entered into a proxy agreement with Univision pursuant to which the Company granted to Univision the right to negotiate the terms of retransmission consent agreements for its Univision- and UniMás-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 the Company by Univision with respect to retransmission consent agreements entered into with Multichannel Video Programming Distributors (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 UniMás-affiliated television station signals.

The following tables reflect the related-party balances with Univision and other related parties (in thousands):

	Univision		Other		Total	
	2012	2011	2012	2011	2012	2011
Trade receivables	\$ 4,916	\$ 5,608	\$	\$	\$ 4,916	\$ 5,608
Other current assets			274	274	274	274
Intangible assets subject to amortization, net	20,880	23,513			20,880	23,513
Advances payable			118	118	118	118
Accounts payable	\$ 3,576	\$ 5,691	\$	\$	\$ 3,576	\$ 5,691

	Univision			Other			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Direct operating expenses (1)	\$ 10,599	\$ 8,373	\$ 8,803	\$	\$	\$ 2,054	\$ 10,599	\$ 8,373	\$ 10,857
Amortization	2,633	3,617	3,211				2,633	3,617	3,211
Interest expense				30		83		30	83

(1) Consists primarily of national representation fees paid to Univision and LER prior to the latter's acquisition by the Company.

In addition, the Company also had accounts receivable from third parties in connection with a joint sales agreement between the Company and Univision. As of December 31, 2012, 2011 and 2010 these balances totaled \$2.3 million, \$2.2 million and \$2.4 million, respectively.

In May 2007, the Company entered into an affiliation agreement with LATV Networks, LLC (LATV). Pursuant to the affiliation agreement, the Company will broadcast programming provided to the Company by LATV on one of the digital multicast channels of certain of the Company's

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television stations. Under the affiliation agreement, there are no fees paid for the carriage of programming, and the Company generally retains the right to sell approximately five minutes per hour of available advertising time. Walter F. Ulloa, the Company's Chairman and Chief Executive Officer, is a director, officer and principal stockholder of LATV.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. 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.

14. SEGMENT DATA

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 years ended December 31, 2012, 2011 and 2010. There was approximately \$10.5 million and \$10.6 million of assets in Mexico at December 31, 2012 and 2011, respectively.

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The accounting policies applied to determine the segment information are generally the same as those described in the summary of significant accounting policies (see Note 2). The Company evaluates the performance of its operating segments based on separate financial data for each operating segment as provided below (in thousands):

	Years Ended December 31,			% Change 2012 to 2011	% Change 2011 to 2010
	2012	2011	2010		
Net Revenue					
Television	\$ 156,839	\$ 131,490	\$ 132,561	19%	(1)%
Radio	66,414	62,906	67,915	6%	(7)%
Consolidated	223,253	194,396	200,476	15%	(3)%
Direct operating expenses					
Television	56,664	53,789	52,882	5%	2%
Radio	35,592	34,801	31,920	2%	9%
Consolidated	92,256	88,590	84,802	4%	4%
Selling, general and administrative expenses					
Television	20,571	19,606	20,249	5%	(3)%
Radio	17,247	16,905	17,797	2%	(5)%
Consolidated	37,818	36,511	38,046	4%	(4)%
Depreciation and amortization					
Television	13,312	15,189	15,489	(12)%	(2)%
Radio	3,114	3,464	3,740	(10)%	(7)%
Consolidated	16,426	18,653	19,229	(12)%	(3)%
Segment operating profit					
Television	66,292	42,906	43,941	55%	(2)%
Radio	10,461	7,736	14,458	35%	(46)%
Consolidated	76,753	50,642	58,399	52%	(13)%
Corporate expenses	17,976	15,669	18,416	15%	(15)%
Impairment charge			36,109	*	(100)%
Operating income (loss)	\$ 58,777	\$ 34,973	\$ 3,874	68%	*
Capital expenditures					
Television	\$ 8,339	\$ 6,494	\$ 6,196		
Radio	1,561	1,724	981		

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Consolidated	\$ 9,900	\$ 8,218	\$ 7,177
Total assets			
Television	\$ 313,904	\$ 342,462	\$ 367,474
Radio	124,147	124,859	123,336
Consolidated	\$ 438,051	\$ 467,321	\$ 490,810

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****15. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)**

The following is a summary of the quarterly results of operations for the years ended December 31, 2012 and 2011 (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Year ended December 31, 2012:					
Net revenue	\$ 46,524	\$ 54,491	\$ 58,486	\$ 63,752	\$ 223,253
Net income (loss) applicable to common stockholders	(3,395)	2,066	7,233	7,697	13,601
Net income (loss) per share, basic and diluted	\$ (0.04)	\$ 0.02	\$ 0.08	\$ 0.09	\$ 0.16
Year ended December 31, 2011:					
Net revenue	\$ 44,044	\$ 50,265	\$ 50,115	\$ 49,972	\$ 194,396
Net income (loss) applicable to common stockholders	(4,432)	(352)	(1,384)	(2,032)	(8,200)
Net income (loss) per share, basic and diluted	\$ (0.05)	\$ 0.00	\$ (0.02)	\$ (0.02)	\$ (0.10)

16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The Company's Senior Secured First Lien 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 December 31, 2012 and 2011 and the related consolidating statements of operations and cash flows are presented for each of the three years ended December 31, 2012. The equity method of accounting has been used by the Company to report its investment in subsidiaries.

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Balance Sheet****December 31, 2012****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 35,631	\$	\$ 499	\$	\$ 36,130
Trade receivables, net of allowance for doubtful accounts	47,779		251		48,030
Prepaid expenses and other current assets	3,778		467		4,245
Total current assets	87,188		1,217		88,405
Property and equipment, net	58,900		2,535		61,435
Intangible assets subject to amortization, net	22,349				22,349
Intangible assets not subject to amortization	38,739	178,262	3,700		220,701
Goodwill	35,653		994		36,647
Investment in subsidiaries	164,355			(164,355)	
Other assets	8,514		10,603	(10,603)	8,514
Total assets	\$ 415,698	\$ 178,262	\$ 19,049	\$ (174,958)	\$ 438,051
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities					
Current maturities of long-term debt	\$ 150	\$	\$	\$	\$ 150
Advances payable, related parties	118				118
Accounts payable and accrued expenses	47,537		742	(9,121)	39,158
Total current liabilities	47,805		742	(9,121)	39,426
Long-term debt, less current maturities	340,664				340,664
Other long-term liabilities	7,359				7,359
Deferred income taxes	14,469	32,214		(1,482)	45,201
Total liabilities	410,297	32,214	742	(10,603)	432,650
Stockholders equity					
Class A common stock	5				5
Class B common stock	2				2
Class C common stock	1				1
Member s capital		804,654	12,652	(817,306)	
Additional paid-in capital	930,814				930,814
Accumulated deficit	(925,421)	(658,606)	5,655	652,951	(925,421)

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Total stockholders' equity	5,401	146,048	18,307	(164,355)	5,401
Total liabilities and stockholders' equity	\$ 415,698	\$ 178,262	\$ 19,049	\$ (174,958)	\$ 438,051

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Balance Sheet****December 31, 2011****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 58,276	\$	\$ 443	\$	\$ 58,719
Trade receivables, net of allowance for doubtful accounts	43,951		319		44,270
Prepaid expenses and other current assets	5,678		261		5,939
Total current assets	107,905		1,023		108,928
Property and equipment, net	62,046		3,180		65,226
Intangible assets subject to amortization, net	24,598				24,598
Intangible assets not subject to amortization	38,739	178,262	3,700		220,701
Goodwill	35,653		994		36,647
Investment in subsidiaries	170,580			(170,580)	
Other assets	11,221		12,603	(12,603)	11,221
Total assets	\$ 450,742	\$ 178,262	\$ 21,500	\$ (183,183)	\$ 467,321
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities					
Current maturities of long-term debt	\$	\$	\$	\$	\$
Advances payable, related parties	118				118
Accounts payable and accrued expenses	49,633		930	(10,813)	39,750
Total current liabilities	49,751		930	(10,813)	39,868
Long-term debt, less current maturities	379,662				379,662
Other long-term liabilities	8,327				8,327
Deferred income taxes	13,563	28,252		(1,790)	40,025
Total liabilities	451,303	28,252	930	(12,603)	467,882
Stockholders equity					
Class A common stock	5				5
Class B common stock	2				2
Class C common stock	1				1
Member s capital		804,654	12,652	(817,306)	
Additional paid-in capital	938,453				938,453
Accumulated deficit	(939,022)	(654,644)	7,918	646,726	(939,022)

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Total stockholders' equity	(561)	150,010	20,570	(170,580)	(561)
Total liabilities and stockholders' equity	\$ 450,742	\$ 178,262	\$ 21,500	\$ (183,183)	\$ 467,321

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Consolidating Statement of Operations

Year Ended December 31, 2012

(In thousands)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 222,050	\$	\$ 3,149	\$ (1,946)	\$ 223,253
Expenses:					
Direct operating expenses	92,627		1,575	(1,946)	92,256
Selling, general and administrative expenses	37,320		498		37,818
Corporate expenses	17,976				17,976
Depreciation and amortization	15,743		683		16,426
	163,666		2,756	(1,946)	164,476
Operating income (loss)	58,384		393		58,777
Interest expense	(35,407)				(35,407)
Interest income	86				86
Income (loss) on debt extinguishment	(3,743)				(3,743)
Income (loss) before income taxes	19,320		393		19,713
Income tax (expense) benefit	(1,833)	(3,962)	(317)		(6,112)
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate	17,487	(3,962)	76		13,601
Equity in income (loss) of subsidiaries	(3,886)			3,886	
Net income (loss) applicable to common stockholders	\$ 13,601	\$ (3,962)	\$ 76	\$ 3,886	\$ 13,601

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Operations****Year Ended December 31, 2011****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 193,081	\$	\$ 3,906	\$ (2,591)	\$ 194,396
Expenses:					
Direct operating expenses	89,584		1,597	(2,591)	88,590
Selling, general and administrative expenses	36,305		206		36,511
Corporate expenses	15,669				15,669
Depreciation and amortization	17,839		814		18,653
	159,397		2,617	(2,591)	159,423
Operating income (loss)	33,684		1,289		34,973
Interest expense	(37,650)				(37,650)
Interest income	3				3
Other income (loss)	687				687
Income (loss) on debt extinguishment	(423)				(423)
Income (loss) before income taxes	(3,699)		1,289		(2,410)
Income tax (expense) benefit	(1,510)	(3,423)	(857)		(5,790)
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate	(5,209)	(3,423)	432		(8,200)
Equity in income (loss) of subsidiaries	(2,991)			2,991	
Net income (loss) applicable to common stockholders	\$ (8,200)	\$ (3,423)	\$ 432	\$ 2,991	\$ (8,200)

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Operations****Year Ended December 31, 2010****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 199,314	\$	\$ 3,604	\$ (2,442)	\$ 200,476
Expenses:					
Direct operating expenses	85,895		1,349	(2,442)	84,802
Selling, general and administrative expenses	37,489		557		38,046
Corporate expenses	18,416				18,416
Depreciation and amortization	18,417		812		19,229
Impairment charge	11,992	15,368	8,749		36,109
	172,209	15,368	11,467	(2,442)	196,602
Operating income (loss)	27,105	(15,368)	(7,863)		3,874
Interest expense	(24,429)				(24,429)
Interest income	260				260
Income (loss) on debt extinguishment	(987)				(987)
Income (loss) before income taxes	1,949	(15,368)	(7,863)		(21,282)
Income tax benefit (expense)	(2,617)	3,225	2,768		3,376
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate	(668)	(12,143)	(5,095)		(17,906)
Equity in income (loss) of subsidiaries	(17,238)			17,238	
Income (loss) before equity in net income (loss) of nonconsolidated affiliates	(17,906)	(12,143)	(5,095)	17,238	(17,906)
Equity in net income (loss) of nonconsolidated affiliates	(180)				(180)
Net income (loss) applicable to common stockholders	\$ (18,086)	\$ (12,143)	\$ (5,095)	\$ 17,238	\$ (18,086)

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Cash Flows****Year ended December 31, 2012****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ 13,601	\$ (3,962)	\$ 76	\$ 3,886	\$ 13,601
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	15,743		683		16,426
Deferred income taxes	2,470	3,962	45		6,477
Amortization of debt issue costs	2,284				2,284
Amortization of syndication contracts	707				707
Payments on syndication contracts	(1,698)				(1,698)
Non-cash stock-based compensation	2,651				2,651
Other (income) loss					
(Gain) loss on debt extinguishment	3,743				3,743
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
(Increase) decrease in restricted cash					
(Increase) decrease in accounts receivable	(3,808)		68		(3,740)
(Increase) decrease in amounts due from related party	394		(394)		
(Increase) decrease in prepaid expenses and other assets	517		(196)		321
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(552)		(188)		(740)
Net cash provided by (used in) operating activities	36,052		94	3,886	40,032
Cash flows from investing activities:					
Purchases of property and equipment and intangibles	(9,818)		(38)		(9,856)
Investment in subsidiaries	3,886			(3,886)	
Purchase of a business					
Net cash provided by (used in) investing activities	(5,932)		(38)	(3,886)	(9,856)
Cash flows from financing activities:					
Proceeds from issuance of common stock	23				23
Payments on long-term debt	(61,800)				(61,800)
Dividends paid	(10,313)				(10,313)
Proceeds from borrowings on long-term debt	20,000				20,000
Payments of deferred debt and offering costs	(675)				(675)
Net cash provided by (used in) financing activities	(52,765)				(52,765)

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Net increase (decrease) in cash and cash equivalents	(22,645)		56		(22,589)
Cash and cash equivalents:					
Beginning	58,276		443		58,719
Ending	\$ 35,631	\$	\$ 499	\$	\$ 36,130

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Cash Flows****Year ended December 31, 2011****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (8,200)	\$ (3,423)	\$ 432	\$ 2,991	\$ (8,200)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	17,839		814		18,653
Deferred income taxes	883	3,423	259		4,565
Amortization of debt issue costs	2,207				2,207
Amortization of syndication contracts	1,482				1,482
Payments on syndication contracts	(1,976)				(1,976)
Non-cash stock-based compensation	2,343				2,343
Other (income) loss	(687)				(687)
(Gain) loss on debt extinguishment	423				423
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
(Increase) decrease in restricted cash	809				809
(Increase) decrease in accounts receivable	(505)		(69)		(574)
(Increase) decrease in amounts due from related party	1,300		(1,300)		
(Increase) decrease in prepaid expenses and other assets	283		53		336
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(1,965)		195		(1,770)
Net cash provided by (used in) operating activities	14,236		384	2,991	17,611
Cash flows from investing activities:					
Purchases of property and equipment and intangibles	(8,333)		(191)		(8,524)
Investment in subsidiaries	2,991			(2,991)	
Purchase of a business	(598)				(598)
Net cash provided by (used in) investing activities	(5,940)		(191)	(2,991)	(9,122)
Cash flows from financing activities:					
Proceeds from issuance of common stock	42				42
Payments on long-term debt	(17,071)				(17,071)

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Dividends paid	(5,102)			(5,102)
Payments of deferred debt and offering costs	(29)			(29)
Net cash provided by (used in) financing activities	(22,160)			(22,160)
Net increase (decrease) in cash and cash equivalents	(13,864)		193	(13,671)
Cash and cash equivalents:				
Beginning	72,140		250	72,390
Ending	\$ 58,276	\$	\$ 443	\$ 58,719

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Cash Flows****Year ended December 31, 2010****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (18,086)	\$ (12,143)	\$ (5,095)	\$ 17,238	\$ (18,086)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	18,417		812		19,229
Impairment charge	11,992	15,368	8,749		36,109
Deferred income taxes	1,994	(3,225)	(3,111)		(4,342)
Amortization of debt issue costs	1,140				1,140
Amortization of syndication contracts	1,159				1,159
Payments on syndication contracts	(2,724)				(2,724)
Equity in net income (loss) of nonconsolidated affiliate	180				180
Non-cash stock-based compensation	2,970				2,970
(Gain) loss on debt extinguishment	934				934
Reserve for note receivable	3,018				3,018
Change in fair value of interest rate swap agreements	(12,188)				(12,188)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
(Increase) decrease in restricted cash	(809)				(809)
(Increase) decrease in accounts receivable	2,051		40		2,091
(Increase) decrease in amounts due from related party	184		(184)		
(Increase) decrease in prepaid expenses and other assets	389		(79)		310
Increase (decrease) in accounts payable, accrued expenses and other liabilities	7,930		204		8,134
Net cash provided by (used in) operating activities	18,551		1,336	17,238	37,125
Cash flows from investing activities:					
Investment in subsidiaries	17,238			(17,238)	
Purchases of property and equipment and intangibles	(7,158)		(1,492)		(8,650)
Net cash provided by (used in) investing activities	10,080		(1,492)	(17,238)	(8,650)

Cash flows from financing activities:

Proceeds from issuance of common stock	239		239
Payments on long-term debt	(362,949)		(362,949)
Termination of swap agreements	(4,039)		(4,039)
Proceeds from borrowings on long-term debt	394,888		394,888
Payments of deferred debt and offering costs	(11,890)		(11,890)

Net cash provided by (used in) financing activities

16,249 16,249

Net increase (decrease) in cash and cash equivalents

44,880 (156) 44,724

Cash and cash equivalents:

Beginning 27,260 406 27,666

Ending \$ 72,140 \$ 250 \$ 72,390

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Schedule

ENTRAVISION COMMUNICATIONS CORPORATION**CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS****SCHEDULE II CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS**

(In thousands)

Description	Balance at Beginning of Period	Charged / (Credited) to Expense	Other Adjustments (1)	Deductions	Balance at End of Period
Allowance for doubtful accounts					
Year ended December 31, 2012	\$ 3,926	\$ 1,042	\$ 95	\$ (667)	\$ 4,396
Year ended December 31, 2011	\$ 5,099	\$ 894	\$ 533	\$ (2,600)	\$ 3,926
Year ended December 31, 2010	\$ 5,105	\$ 2,924	\$ 1,153	\$ (4,083)	\$ 5,099
Deferred tax valuation allowance					
Year ended December 31, 2012	\$ 148,364	\$ (2,894)	\$	\$	\$ 145,470
Year ended December 31, 2011	\$ 142,561	\$ 5,803	\$	\$	\$ 148,364
Year ended December 31, 2010	\$ 143,175	\$ (614)	\$	\$	\$ 142,561

(1) Other adjustments represent recoveries and increases in the allowance for doubtful accounts.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members of Entravision Holdings, LLC:

We have audited the accompanying balance sheets of Entravision Holdings, LLC (the Company) as of December 31, 2012 and 2011, and the related statements of operations, member's equity, and cash flows for each of the years in the three-year period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Entravision Holdings, LLC as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey LLP

Los Angeles, CA

March 8, 2013

Table of Contents**ENTRAVISION HOLDINGS, LLC****BALANCE SHEETS****December 31, 2012 and 2011****(In thousands)**

	December 31, 2012	December 31, 2011
ASSETS		
Intangible assets not subject to amortization	\$ 178,262	\$ 178,262
Total assets	\$ 178,262	\$ 178,262
LIABILITIES AND MEMBER S EQUITY		
Deferred income taxes	\$ 32,214	\$ 28,252
Total liabilities	32,214	28,252
Member s equity		
Member s capital	804,654	804,654
Accumulated deficit	(658,606)	(654,644)
Total member s equity	146,048	150,010
Total liabilities and member s equity	\$ 178,262	\$ 178,262

See Notes to Financial Statements

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ENTRAVISION HOLDINGS, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2012, 2011 and 2010

(In thousands)

	2012	2011	2010
Impairment charge			15,368
Operating loss			(15,368)
Income tax benefit (expense)	(3,962)	(3,423)	3,225
Net loss	\$ (3,962)	\$ (3,423)	\$ (12,143)

See Notes to Financial Statements

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ENTRAVISION HOLDINGS, LLC

STATEMENTS OF MEMBER S EQUITY

Years ended December 31, 2012, 2011 and 2010

(In thousands)

	Member s Capital	Accumulated Deficit	Total
Balance, December 31, 2009	\$ 803,976	\$ (639,078)	\$ 164,898
Net loss for the year ended December 31, 2010		(12,143)	(12,143)
Balance, December 31, 2010	\$ 803,976	\$ (651,221)	\$ 152,755
Contribution of FCC licenses by parent	\$ 678		\$ 678
Net loss for the year ended December 31, 2011		(3,423)	(3,423)
Balance, December 31, 2011	\$ 804,654	\$ (654,644)	\$ 150,010
Net loss for the year ended December 31, 2012		(3,962)	(3,962)
Balance, December 31, 2012	\$ 804,654	\$ (658,606)	\$ 146,048

See Notes to Financial Statements

Table of Contents**ENTRAVISION HOLDINGS, LLC****STATEMENTS OF CASH FLOWS****Years ended December 31, 2012, 2011 and 2010****(In thousands)**

	2012	2011	2010
Cash flows from operating activities:			
Net loss	\$ (3,962)	\$ (3,423)	\$ (12,143)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Impairment charge			15,368
Deferred income taxes	3,962	3,423	(3,225)
Net cash provided by operating activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents:			
Beginning			
Ending	\$	\$	\$
Supplemental disclosures of cash flow information:			
Cash payments for:			
Interest	\$	\$	\$
Income taxes	\$	\$	\$
Noncash contributions from member	\$	\$	\$

See Notes to Financial Statements

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Nature of Business

A wholly-owned subsidiary of Entravision Communications Corporation (ECC) (see Note 6), Entravision Holdings, LLC (the Company) is the holder of licenses issued by the Federal Communications Commission (FCC) for the operation of television and radio stations in the United States. The Company does not engage in any operating activities or generate any revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The value of the Company's intangible assets is affected by numerous factors, including changes in audience acceptance (i.e., ratings), priorities of advertisers, new laws and governmental regulations and policies and technological advances. The Company cannot predict if any of these factors might have a significant impact on the television and radio advertising industries in the future, nor can it predict what impact, if any, the occurrence of these or other events might have on the Company's intangible assets. Significant estimates and assumptions made by management are used for, but not limited to, the fair value of indefinite life intangible assets and deferred income taxes.

Indefinite Life Intangible Assets

The Company believes that its broadcast licenses are indefinite life intangible assets. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to future cash flows. The evaluation of impairment for indefinite life intangible assets is performed by a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value, an impairment charge is recorded for the amount of the difference. The unit of accounting used to test broadcast licenses represents all licenses owned and operated within an individual market cluster, because such licenses are used together, are complimentary to each other and are representative of the best use of those assets. The Company's individual market clusters consist of cities or nearby cities. The Company tests its broadcasting licenses for impairment based on certain assumptions about these market clusters.

The estimated fair value of indefinite life intangible assets is determined by an income approach. The income approach estimates fair value based on the Company's estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other

Table of Contents**ENTRAVISION HOLDINGS, LLC****NOTES TO FINANCIAL STATEMENTS (Continued)**

expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines and establishes a framework for measuring fair value and expands disclosures about fair value measurements. In 2009, the Company adopted ASC 820 related to the accounting and disclosure of fair value measurements for nonfinancial assets and liabilities. In accordance with ASC 820, the Company has categorized its nonfinancial assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below.

Level 1 Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the company has the ability to access at the measurement date.

Level 2 Assets and liabilities whose values are based on quoted prices for similar attributes in active markets; quoted prices in markets where trading occurs infrequently; and inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Company's nonfinancial assets measured at fair value on a nonrecurring basis, based on the fair value hierarchy as of December 31, 2010 (in millions):

<u>Nonfinancial Assets</u>	Level 3 2010
Intangible assets not subject to amortization (FCC licenses)	\$ 13.7

In 2010, the Company wrote down its TV and radio FCC licenses with carrying amounts of \$29.1 million to their fair values of \$13.7 million and as a result, recognized impairment losses of \$15.4 million, which the Company included in impairment charge on the consolidated statements of operations for the year ended December 31, 2010.

Dependence on Business Partners

The Company is dependent on the continued financial and business strength of its business partners, such as the companies that provide programming to ECC. The Company could be at risk should any of these entities fail to perform their obligations to ECC. This in turn could materially adversely affect the Company's own business and financial condition.

Off-balance Sheet Financings and Liabilities

All of the membership interests of the Company are pledged as collateral to secure the Senior Secured First Lien Notes (the Notes) of ECC. The Company does not have any majority-owned subsidiaries or any interests in, or relationships with, any material variable-interest entities that are not included in the consolidated financial statements.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

Income Taxes

The Company is treated as a single member limited liability company and is accounted for as a division of its parent, ECC, for income tax purposes. Accordingly, ECC pays all taxes on the Company's behalf and is entitled to any related tax savings. Deferred income taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when it is determined to be more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02). Under this guidance, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. ASU 2012-02 is effective during interim and annual periods beginning after September 15, 2012.

3. INTANGIBLE ASSETS NOT SUBJECT TO AMORTIZATION

The composition of the Company's intangible assets consists entirely of intangible assets not subject to amortization (FCC licenses). The net carrying amount as of December 31, 2012 and 2011 was \$178.3 million. The Company did not have any amortization expense for the years ended December 31, 2012, 2011 and 2010 and does not anticipate future amortization expense as the intangible assets are not subject to amortization.

Indefinite life intangibles are not amortized but are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that the assets might be impaired. The annual testing date is October 1.

2012

The Company conducted a review of the fair value of the television and radio FCC licenses in 2012. The estimated fair value of indefinite life intangible assets is determined by an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. Based on the assumptions and estimates, the Company did not record impairment of FCC licenses.

2011

The Company conducted a review of the fair value of the television and radio FCC licenses in 2011. The estimated fair value of indefinite life intangible assets is determined by an income approach. The income approach estimates fair value based on the estimated future cash flows of each market cluster that a hypothetical buyer would expect to generate, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. The income approach requires the Company to make a series of assumptions, such as discount rates, revenue projections, profit margin projections and terminal value multiples. The Company estimates the discount rates on a blended rate of return considering both debt and equity for comparable publicly-traded companies in the television and radio industries. These comparable publicly-traded companies have similar size, operating characteristics and/or financial profiles to the Company. The Company also estimated the terminal value multiple based on comparable publicly-traded companies in the television and radio industries. The Company estimated the revenue projections and profit margin projections based on various market clusters signal coverage of the markets and industry information for an average station within a given market. The information for each market cluster includes such things as estimated market share, estimated capital start-up costs, population, household income, retail sales and other expenditures that would influence advertising expenditures. Alternatively, some stations under evaluation have had limited relevant cash flow history due to planned or actual conversion of format or upgrade of station signal. The assumptions the Company makes about cash flows after conversion are based on the performance of similar stations in similar markets and potential proceeds from the sale of the assets. Based on the assumptions and estimates, the Company did not record impairment of FCC licenses.

4. LONG-TERM DEBT

The Company does not have any long term debt as of December 31, 2012 and 2011. However, the Company is a guarantor of the Notes and the 2012 Credit Facility of its parent, ECC. Effective July 27, 2010, all of the membership interests of the Company are pledged as collateral to secure ECC's Notes. As of December 31, 2012 and 2011, the balance due on ECC's Notes was \$323.8 million and \$383.8 million, respectively.

ECC's Notes

On July 27, 2010, ECC completed the offering and sale of \$400 million aggregate principal amount of its 8.75% Senior Secured First Lien Notes. The Notes were issued at a discount to 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at

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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. ECC 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.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

During the fourth quarter of 2011, ECC purchased Notes on the open market with a principal amount of \$16.2 million. ECC recorded a loss on debt extinguishment of \$0.4 million primarily due to the write off of unamortized finance costs and unamortized bond discount.

During the second quarter of 2012, ECC repurchased Notes with a principal amount of \$20.0 million pursuant to the optional redemption provisions in the indenture governing the issuance of the Notes (the Indenture). The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. ECC recorded a loss on debt extinguishment of \$1.2 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

During the fourth quarter of 2012, ECC repurchased Notes with a principal amount of \$40.0 million pursuant to the optional redemption provisions in the Indenture. The redemption price for the redeemed Notes was 103% of the principal amount plus all accrued and unpaid interest. ECC recorded a loss on debt extinguishment of \$2.5 million related to the premium paid and the write off of unamortized finance costs and unamortized bond discount.

The Notes are guaranteed on a senior secured basis by all of the existing and future wholly-owned domestic subsidiaries of ECC (the Note Guarantors). The Notes and the guarantees rank equal in right of payment to all of ECC's and the guarantors' existing and future senior indebtedness and senior in right of payment to all of ECC's and the Note Guarantors' existing and future subordinated indebtedness. In addition, the Notes and the guarantees are effectively junior: (i) to ECC'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 ECC entered into its 2010 Credit Facility; and (iii) to all of the liabilities of any of ECC'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 Company.

At ECC's option, ECC 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

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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.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

In addition, upon a change of control, as defined in the Indenture, ECC 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 ECC, any Note Guarantor or any restricted subsidiary; or (ii) upon a declaration of acceleration of the Notes in writing to ECC 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 ECC and the Note Guarantors.

ECC's 2012 Credit Facility

On December 20, 2012, ECC entered into a new term loan and revolving credit facility of up to \$50 million pursuant to the amended Credit Agreement. The 2012 Credit Facility consists of a four-year \$20 million term loan facility and a four-year \$30 million revolving credit facility that expires on December 20, 2016, which includes a \$3 million sub-facility for letters of credit. As of December 31, 2012, ECC had approximately \$0.6 million in outstanding letters of credit. In addition, ECC may increase the aggregate principal amount of the 2012 Credit Facility by up to an additional \$50 million, subject to ECC satisfying certain conditions.

Borrowings under the 2012 Credit Facility bear interest at either: (i) the Base Rate (as defined in the agreement governing the 2012 Credit Facility (the amended Credit Agreement)) plus the Applicable Margin (as defined in the amended Credit Agreement); or (ii) LIBOR plus the Applicable Margin (as defined in the amended Credit Agreement). ECC has not drawn on the revolving credit facility of the 2012 Credit Facility.

The 2012 Credit Facility is guaranteed on a senior secured basis by all of ECC's existing and future wholly-owned domestic subsidiaries (the Credit Guarantors), which are also the Note Guarantors (collectively, the Guarantors). The 2012 Credit Facility is secured on a first priority basis by ECC's and the Credit Guarantors' assets, which also secure the Notes. ECC's borrowings, if any, under the 2012 Credit Facility rank senior to the Notes upon the terms set forth in the Intercreditor Agreement that ECC entered into in connection with the credit facility that was in effect at that time.

The amended Credit Agreement also requires compliance with a total net leverage ratio financial covenant in the event that the revolving credit facility is drawn in an amount in excess of \$3 million, net of certain letter of credit obligations.

Upon an event of default, as defined in the amended Credit Agreement, the lender may, among other things, suspend or terminate their obligation to make further loans to ECC and/or declare all amounts then outstanding under the 2012 Credit Facility to be immediately due and

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payable. The amended Credit Agreement also contains additional provisions that are customary for an agreement of this type, including indemnification by ECC and the Credit Guarantors.

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

A Security Agreement, pursuant to which ECC and the Guarantors each granted a first priority security interests in the collateral securing the Notes and the 2012 Credit Facility for the benefit of the holders of the Notes and the lender under the 2012 Credit Facility; and

An Intercreditor Agreement, in order to define the relative rights of the holders of the Notes and the lender under the 2012 Credit Facility with respect to the collateral securing ECC's and the Guarantors' respective obligations under the Notes and the 2012 Credit Facility; and

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

A Registration Rights Agreement, pursuant to which ECC 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 amended Credit Agreement contain various provisions that limit ECC's ability, among other things, to:

incur additional indebtedness;

incur liens;

merge, dissolve, consolidate, or sell all or substantially all of ECC's assets;

engage in acquisitions;

make certain investments;

make certain restricted payments;

use loan proceeds to purchase or carry margin stock or for any other prohibited purpose;

incur certain contingent obligations;

enter into certain transactions with affiliates; and

change the nature of ECC's business.

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

dispose of certain assets; and

amend ECC's or any guarantor's organizational documents of ECC in any way that is materially adverse to the lender under the 2012 Credit Facility.

Moreover, if ECC fails to comply with any of the financial covenants or ratios under the 2012 Credit Facility, the lender 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.

ECC's Syndicated Bank Credit Facility

In July 2010, ECC repaid all amounts outstanding under the previous syndicated bank credit facility and terminated the amended syndicated bank credit facility agreement. All references to and discussions regarding the syndicated bank credit facility and the amended syndicated bank credit facility agreement in this report should be considered in light of this fact.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

In September 2005, ECC entered into the previous \$650 million senior secured syndicated bank credit facility, consisting of a 7 1/2 year \$500 million term loan and a 6 1/2 year \$150 million new facility. The term loan under the syndicated bank credit facility had been drawn in full, the proceeds of which were used (i) to refinance \$250 million outstanding under the former syndicated bank credit facility, (ii) to complete a tender offer for the previously outstanding \$225 million senior subordinated notes, and (iii) for general corporate purposes. ECC's ability to make additional borrowings under the syndicated bank credit facility was subject to compliance with certain financial covenants, including financial ratios, and other conditions set forth in the syndicated bank credit facility.

On March 16, 2009, ECC entered into an amendment to the previous syndicated bank credit facility agreement. Pursuant to this amendment, among other things:

The interest that ECC paid under the credit facility increased. Both the revolver and term loan borrowings under the amendment bore interest at a variable interest rate based on either LIBOR or a base rate, in either case plus an applicable margin that varies depending upon the leverage ratio. Borrowings under both the revolver and term loan bore interest at LIBOR plus a margin of 5.25% when the leverage ratio was greater than or equal to 5.0.

The total amount of the revolver facility was reduced from \$150 million to \$50 million. The new facility bore interest at LIBOR plus a margin ranging from 3.25% to 5.25% based on leverage covenants. In addition, ECC paid a quarterly unused commitment fee ranging from 0.25% to 0.50% per annum, depending on the level of facility used.

There were more stringent financial covenants relating to maximum allowed leverage ratio, maximum capital expenditures and fixed charge coverage ratio. Beginning March 16, 2009 through December 31, 2009, the maximum allowed leverage ratio, or the ratio of consolidated total debt to trailing-twelve-month consolidated adjusted EBITDA, was 6.75. The maximum allowed leverage ratio decreased to 6.50 in the first quarter of 2010.

There was a mandatory prepayment clause for 100% of the proceeds of certain asset dispositions, regardless of the leverage ratio. In addition, if ECC had excess cash flow, as defined in the syndicated bank credit facility, 75% of such excess cash flow must be used to reduce the outstanding loan balance on a quarterly basis.

Beginning March 31, 2009, the senior leverage ratio and net leverage ratio were eliminated.

ECC was restricted from making future repurchases of shares of common stock, except under a limited circumstance, which ECC utilized in May 2009.

The amended syndicated bank credit facility also required ECC to maintain FCC licenses for broadcast properties and continued restrictions on the incurrence of additional debt, the payment of dividends, the marking of acquisitions and the sale of assets.

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The amendment also contained additional covenants, representations and provisions that are usual and customary for credit facilities of this type. All other provisions of the credit facility agreement, as amended, remained in full force and effect unless expressly amended or modified by the amendment.

At the time of entering into this amendment, ECC made a prepayment of \$40 million to reduce the outstanding amount of the term loans and paid the lenders an amendment fee.

ECC recorded a loss on debt extinguishment of \$1.0 million for fees and unamortized finance costs during the year ended December 31, 2010.

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Table of Contents**ENTRAVISION HOLDINGS, LLC****NOTES TO FINANCIAL STATEMENTS (Continued)****5. INCOME TAXES**

The provision (benefit) for income taxes for the years ended December 31, 2012, 2011, and 2010 is as follows (in millions):

	2012	2011	2010
Current			
Federal	\$	\$	\$
State			
Foreign			
Deferred			
Federal	3.4	2.9	(2.8)
State	0.6	0.5	(0.4)
	4.0	3.4	(3.2)
Total provision (benefit) for taxes	\$ 4.0	\$ 3.4	\$ (3.2)

The income tax provision (benefit) differs from the amount of income tax determined by applying the U.S. federal income tax rate of 34% to pre-tax income for the years ended December 31, 2012, 2011, and 2010 due to the following (in millions):

	2012	2011	2010
Computed expected tax provision (benefit)	\$	\$	\$ (5.2)
Change in income tax resulting from:			
State taxes, net of federal benefit			(0.5)
Change in valuation allowance	4.0	3.2	2.8
Other		0.2	(0.3)
	\$ 4.0	\$ 3.4	\$ (3.2)

The components of the deferred tax assets and liabilities at December 31, 2012 and 2011 consist of the following (in millions):

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	2012	2011
Deferred tax assets:		
Net operating loss carryforward	84.4	77.9
Long-lived Intangible assets	20.6	28.6
	105.0	106.5
Valuation allowance	(105.0)	(106.5)
Net deferred tax assets	\$	\$
Deferred tax liabilities:		
Long-lived Intangible assets	\$ (32.2)	\$ (28.3)

As of December 31, 2012, the Company has federal and state net operating loss carryforwards of approximately \$225.4 million available to offset future taxable income. The net operating loss carryforwards will expire during the years 2020 through 2032.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

For the years ended December 31, 2012 and 2011, the Company had a valuation allowance of \$105.0 million and \$106.5 million, respectively, as the Company believes that it is more likely than not that the deferred tax assets will not be fully realized.

As of December 31, 2012, the Company's utilization of its available net operating loss carryforwards against future taxable income is not restricted pursuant to the change in ownership rules in Section 382 of the Internal Revenue Code. However in subsequent periods, the utilization of its available net operating loss carryforwards against future taxable income may be restricted pursuant to the change in ownership rules in Section 382 of the Internal Revenue Code. These rules in general provide that an ownership change occurs when the percentage shareholdings of 5% direct or indirect shareholders of a loss corporation have in aggregate increased by more than 50 percentage points during the immediately preceding three years.

6. MEMBER S EQUITY

Under the Third Amended and Restated Operating Agreement of the Company entered into as of August 3, 2000, ECC is the sole member of the Company and owns 100% of the Company's issued and outstanding membership interests.

7. RELATED-PARTY TRANSACTIONS

The Company holds the broadcasting licenses issued by the FCC for the operation of television and radio stations by ECC. ECC is the sole member of the Company and owns 100% of the Company's issued and outstanding membership interests. As of December 31, 2012 and 2011, all of the membership interests of the Company were pledged as collateral to secure the Notes of ECC.

In May 2011, ECC acquired a radio FCC license in Palm Springs, CA for \$0.7 million in an auction held by the FCC. ECC contributed the license to the Company.

8. 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.

