

ENTRAVISION COMMUNICATIONS CORP

Form 10-K

March 14, 2011

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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, 2010

OR

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

For the Transition Period from _____ to _____

Commission File Number 1-15997

ENTRAVISION COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

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

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for such shorter period that the registrant was required to submit and post such files). Yes " No "

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of 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 x

Non-accelerated filer "

Smaller reporting company x

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2010 was approximately \$130,431,602 (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, 2011, there were 53,497,268 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 2011 Annual Meeting of Stockholders scheduled to be held on May 26, 2011 are incorporated by a reference in Part III hereof.

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FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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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 annual report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

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

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

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

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

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

advertising rates remaining constant or decreasing;

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

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

our relationship with Univision Communications Inc., or Univision;

our ability to continue to generate revenue under retransmission consent agreements;

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

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

continued uncertainty in the current economic environment;

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

risks related to changes in accounting interpretations; and

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

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see 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 to reach Hispanic consumers across the United States, as well as the border markets of Mexico. We own and/or operate 53 primary television stations located primarily in California, Colorado, Connecticut, Florida, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C. Entravision is the largest affiliate group of both the top-ranked Univision television network and Univision's TeleFutura network, with television stations in 20 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. 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](#).

With the purchase of Univision Communications Inc. in 2007 by a private equity consortium, we believe we are now the largest independent public media company focused principally on the U.S. Hispanic audience. We own and operate one of the largest groups of primarily Spanish-language radio stations in the United States. We own and operate 48 radio stations in 19 U.S. markets. Our radio stations consist of 37 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. 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 recognize retransmission consent revenue when it is accrued pursuant to the agreements we have entered into with respect to such revenue. 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.

Our net revenue for the year ended December 31, 2010 was approximately \$200.5 million. Of that amount, revenue generated by our television segment accounted for approximately 66%, revenue generated by our radio segment accounted for approximately 34%.

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.

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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

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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 14 of the 20 highest-density U.S. Hispanic markets. In addition, among the top 25 U.S. Hispanic markets, we operate media properties in 13 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. Over 48 million Hispanics live in the United States, accounting for nearly 16% of the total U.S. population. The overall Hispanic population is growing at over 7 times the rate of the non-Hispanic population and is expected to grow to 81.2 million, or approximately 22% of the total U.S. population, by 2029. Approximately 53% of the total future growth in the U.S. population through 2029 is expected to come from the Hispanic community.

Spanish-Language Use. Approximately 78% 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 33.2 million in 2009 to 54.8 million in 2029.

Increasing U.S. Hispanic Buying Power. The U.S. Hispanic population is estimated to have accounted for total consumer expenditures of over \$830 billion in 2009, an increase of 32% since 2004. Hispanics are expected to account for over \$1.1 trillion in consumer expenditures by 2014, and by 2029 Hispanics are expected to account for approximately \$3.4 trillion in consumer expenditures, or 14% of total U.S. consumer spending. Hispanic buying power is expected to grow at nearly four times the rate of the Hispanic population growth by 2029.

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 size and younger age of Hispanic households (averaging 3.4 persons and 28.3 years of age as compared to the U.S. non-Hispanic averages of 2.4 persons and 40.3 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 3% more per year than the average U.S. non-Hispanic household on food at home, 74% more on children's clothing, 41% more on footwear and 26% more on laundry and household cleaning products. 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.

Spanish-Language Advertising. Over \$5.4 billion of total advertising expenditures in the United States were placed in Spanish-language media in 2009, the most recent year for which such data is available, of which approximately 89% was placed in Spanish-language television and radio advertising.

Business Strategy

We seek to increase our advertising revenue through the following strategies:

Effectively Use Our Networks and Media Brands. We are the largest affiliate group of both the top-ranked Univision television network and Univision's TeleFutura network. Univision's primary network is the most watched television network (English- or Spanish-language) among U.S. Hispanic households. Univision's primary network, together with its TeleFutura Network, represented approximately a 78% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of November 2010. Univision makes its networks Spanish-language programming available to our television stations 24 hours a

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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, Philip Wilkinson, our co-founder, President and Chief Operating Officer and Jeffery Liberman, the President of our Radio Division, have an average of more than 30 years of media experience. We intend to continue to build and retain our key management personnel and to 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. However, we are currently subject to certain limitations on acquisitions under the terms of the Indenture and the Credit Agreement. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources below. Since our inception, we have used our management expertise, programming, local involvement and brand identity to improve our acquired media properties. Please see Acquisition and Disposition Strategies 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

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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 TeleFutura 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.

In furtherance of the acquisition strategy outlined above, in April 2009, we acquired the assets of television station KREN-TV, serving the Reno, Nevada market for approximately \$4.3 million. We reduced the carrying value of the assets of television station KREN-TV to its fair value of \$1.6 million by recording a carrying value adjustment of \$2.7 million. This charge is included in the consolidated statements of operations for continuing operations.

In March 2008, we acquired radio station WNUE-FM, serving the Orlando, Florida, market for \$24.1 million. In addition, in May 2008, we sold the outdoor advertising business to Lamar Advertising Co. for \$101.5 million.

We are subject to certain limitations on acquisitions under the terms of the Indenture and the 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 have a history of net losses that may impact, among other things, our ability to implement our growth strategies. We had net losses of approximately \$18.1 million, \$50.1 million and \$528.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Our Relationship with Univision

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

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Under the network affiliation agreements, Univision acts as our exclusive sales representative for the sale of national and regional advertising sales on our Univision- and TeleFutura-affiliate television stations, and Entravision pays certain sales representation fees to Univision relating to national and regional advertising sales.

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 TeleFutura and Univision affiliates in six markets: Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C.

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

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 20 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 95% of all U.S. Hispanic households. Univision's primary network is the most watched television network (English- or Spanish-language) among U.S. Hispanic households. Univision's primary network, together with its TeleFutura Network, represent approximately a 78% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of November 2010. We operate both Univision and TeleFutura 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* and another talk show, Monday through Friday, followed by drama shows and novelas. In the late afternoon and early evening, Univision offers an entertainment magazine, a news magazine and national news, in addition to local news produced by our television stations. During prime time, Univision airs novelas, variety shows, talk shows, news magazines and reality shows, as well as specials. Prime time is followed by late news. Overnight programming consists primarily of repeats of programming aired previously on the network.

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Weekend daytime programming begins with children's programming, and is generally followed by sports, reality, comedy shows and movies.

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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.

TeleFutura Network Programming. Univision's other 24-hour general-interest Spanish-language broadcast network, TeleFutura, is programmed to meet the diverse preferences of the multi-faceted U.S. Hispanic community. TeleFutura'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 TeleFutura-affiliated television stations. Our network affiliation agreements with Univision provide certain of our owned stations the exclusive right to broadcast Univision's primary network and TeleFutura network programming in their respective markets. These long-term affiliation agreements each expire in 2021, and can be renewed for multiple, successive two-year terms at Univision's option, subject to our consent. Under the 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 TeleFutura 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 for a five-year period expiring in July 2012. 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, which gives us the right to broadcast Fox network programming on XHRIO-TV, serving the Matamoros/Harlingen-Weslaco-Brownsville-McAllen market, and KXOF-CA, serving the Laredo market, expired on August 30, 2010. We continue to broadcast Fox network programming, on a month-to-month basis, pending completion of negotiations with Fox for a further extension of the network affiliation agreement. While we currently expect this network affiliation agreement to be renewed, we do not believe that the loss of this network affiliation agreement would have a material adverse effect on our business.

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We also have an agreement with Master Distribution Service, Inc., or MDS, an affiliate of Fox, which gives us the right to provide 10 hours per week of MyNetworkTV programming on XHRIO-TV and KXOF-CA. This agreement expires in October 2011 and may be extended for successive one-year periods. We also have an agreement with MDS which gives us the right to provide 10 hours per week of MyNetworkTV programming on XDTV, serving the Tecate/San Diego market through 2014.

Our network affiliation agreement with The CW Network, LLC, or CW, gives us the right to broadcast CW network programming on KSFE-LP, KTIZ-LP, 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 our current network affiliation agreements will be renewed beyond their current 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 TeleFutura 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.

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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, Virtual Channel	Programming
Harlingen-Weslaco-Brownsville-McAllen, Texas	10	356,010	297,250	83.5%	KNVO-TV, Channel 48	Univision
					KVTF-CA, Channel 20 (1)	TeleFutura
					KFTN-CA, Channel 30 (1)	TeleFutura
					KTFV-CA, Channel 32 (1)	TeleFutura
					KTIZ-LP, Channel 52	CW
Albuquerque-Santa Fe, New Mexico	12	703,720	254,620	36.2%	KSFE-LP, Channel 67	CW
					KLUZ-TV, Channel 41	Univision
					KTFQ-TV, Channel 14 (2)	TeleFutura
					KTFA-LP, Channel 48	Home Shopping Network
San Diego, California	13	1,089,010	248,760	22.8%	KDTF-CA, Channel 17 (1)	Univision
					KHAX-LP, Channel 49	Univision
					KTCD-LP, Channel 46	Univision
					KBNT-LD, Channel 51	TeleFutura
Denver-Boulder, Colorado	15	1,572,740	242,270	15.4%	KCEC-TV, Channel 50	Univision
					KDVT-LP, Channel 36	Univision
					KTFD-TV, Channel 14 (2)	TeleFutura
El Paso, Texas	16	315,130	226,260	71.8%	KINT-TV, Channel 26	Univision
					KTFN-TV, Channel 65	TeleFutura
Orlando-Daytona Beach-Melbourne, Florida	17	1,453,120	205,970	14.2%	WVEN-TV, Channel 26	Univision
					W47DA, Channel 47	Univision
					WVCI-LP, Channel 16	Univision TeleFutura
					WOTF-TV, Channel 43 (2)	
Tampa-St. Petersburg (Sarasota), Florida	19	1,795,200	197,820	11.0%	WVEA-TV, Channel 62	Univision
					WFTT-TV, Channel 50 (2)	TeleFutura
					WVEA-LP, Channel 46	Jewelry TV
	20	2,389,710	195,170	8.2%	WFDC-TV, Channel 14 (2)	Univision

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Washington, D.C. (Hagerstown, Maryland)					WMDO-CA, Channel 47 (1)	TeleFutura
					WMDO-LD, Channel 8	TeleFutura
Las Vegas, Nevada	23	718,030	157,600	21.9%	WJAL-TV, Channel 68	English-Language
					KINC-TV, Channel 15	Univision
					KNTL-LP, Channel 47	Univision
					KWWB-LP, Channel 45	Univision
Boston, Massachusetts	24	2,460,290	141,200	5.7%	KELV-LP, Channel 27	TeleFutura
					WUNI-TV, Channel 27	Univision
Corpus Christi, Texas	26	199,370	106,130	53.2%	WUTF-TV, Channel 66 (2)	TeleFutura
					KORO-TV, Channel 28	Univision
Hartford-New Haven, Connecticut	32	1,018,770	87,280	8.6%	KCRP-CA, Channel 41 (1)	TeleFutura
					WUVN-TV, Channel 18	Univision
Monterey-Salinas-Santa Cruz, California	33	299,150	71,030	31.0%	WUTH-CA, Channel 47 (1)	TeleFutura
					KSMS-TV, Channel 67	Univision
					KDJT-CA, Channel 33 (1)	TeleFutura
Yuma, Arizona-El Centro, California	36	118,700	65,090	54.8%	KVYE-TV, Channel 7	Univision
Laredo, Texas	37	70,090	64,930	92.6%	KAJB-TV, Channel 54 (2)	TeleFutura
					KLDO-TV, Channel 27	Univision
Palm Springs, California	39	157,180	61,910	39.4%	KETF-LD, Channel 31 (1)	TeleFutura
					KXOF-CA, Channel 39	Fox
					KVER-CA, Channel 4 (1)	Univision
					KVES-LD, Channel 36	Univision
					KEVC-CA, Channel 5 (1)	TeleFutura

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Market	Market Rank (by		Hispanic Households	% Hispanic Households	Call Letters, Virtual Channel	Programming
	Hispanic Households)	Total Households				
Odessa-Midland, Texas	40	146,310	57,910	39.6%	KUPB-TV, Channel 18	Univision
Colorado Springs-Pueblo, Colorado	41	336,880	54,280	16.1%	KVSN-TV, Channel 48	Univision TeleFutura
Santa Barbara-Santa Maria- San Luis Obispo, California	45	239,250	52,320	21.9%	KGHB-CA, Channel 27 (1)	Univision
					KPMR-TV, Channel 38	
					K17GD, Channel 17 (1)	
					K28FK, Channel 28 (1)	
					K10OG, Channel 10 (1)	
Lubbock, Texas	48	161,450	48,830	30.2%	KTSB-CA, Channel 35 (1)	TeleFutura
Wichita-Hutchinson, Kansas	54	457,880	38,890	8.5%	KBZO-LP, Channel 51	Univision
Reno, Nevada	56	271,380	37,920	14.0%	KDCU-DT, Channel 46	Univision
Springfield-Holyoke, Massachusetts San Angelo, Texas	61	269,500	30,470	11.3%	KREN-TV, Channel 27	Univision
					KREN-LP, Channel 29	
					KNVV-LP, Channel 41	
					KRNS-CA, Channel 46 (1)	
					WHTX-LP, Channel 43	
Tecate, Baja California, Mexico (San Diego) Tijuana, Baja California, Mexico (San Diego) Matamoros, Tamaulipas, Mexico (Harlingen-Weslaco-Brownsville-McAllen)	82	55,250	16,200	29.3%	KEUS-LP, Channel 31	Univision
					KANG-CA, Channel 41 (1)	TeleFutura
					XDTV-TV, Channel 49 (3)	MyNetworkTV
					XHAS-TV, Channel 33 (3)	Telemundo
					XHRIO-TV, Channel 2 (3)	Fox

Source: Nielsen Media Research 2011 universe estimates.

- (1) CA or LD 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 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 on how high a resolution level we elect to transmit our programming with, we have the technological capability to transmit over-the-air broadcast streams containing 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. At the current time, we have begun multicasting operations with certain of our television stations. We are multicasting TeleFutura network programming and LATV network programming at a number of our stations, along with our primary program streams. In addition, we are multicasting CW and Fox network programming in two 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.

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Other Platforms. Our television 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.

Television Advertising

Approximately 89% of the revenue from our television 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. 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 2010, local advertising accounted for approximately 45% of our total television revenue.

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 TeleFutura affiliate television stations, and advertisers which have purchased national advertising on these affiliate stations include Verizon Wireless, McDonald's Corporation, Ford Motor Company, Toyota Motor Corporation, General Motors Company, Cricket Communications, Inc., Nissan Motor Co., Ltd. and AT&T Inc. We also added significant new national advertising accounts in 2010, including Novartis AG, U.S. Department of Veterans Affairs, and Virgin Mobile, 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 2010, national advertising accounted for approximately 44% of our total television revenue.

Retransmission Consent Revenue

We also generate revenue from retransmission consent agreements that are entered into with cable, satellite and internet-based television service providers. We refer to such revenue as retransmission consent revenue, which 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 Univision the right to negotiate on our behalf the terms of retransmission consent agreements for our Univision- and TeleFutura-affiliated television station signals. Our agreement with Univision also provides terms relating to the calculation and amount of retransmission consent revenue to be paid to us with respect to such retransmission consent agreements. We also directly negotiate retransmission consent agreements for certain television station signals which are not Univision or TeleFutura affiliates.

In 2010, retransmission consent revenue accounted for approximately 10% 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 2010, network compensation accounted for approximately 1% of our total television revenue.

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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:

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;

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 general market service measuring all television audience viewing, as well as a separate service to specifically measure U.S. Hispanic audience viewing at the local market level. In recent years, Nielsen has modified the methodology of its general market 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. 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 and narrow any disparities that have historically existed between English-language and Spanish-language 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.

The Nielsen rating services that we use are described below:

Nielsen Hispanic Station Index. This service measures U.S. Hispanic household and individual viewing information at the local market level. Each sample also reflects the varying levels of language usage by Hispanics in each market in order to reflect more accurately the Hispanic household population in the relevant market. Nielsen Hispanic Station Index only measures the audience viewing of U.S. Hispanic households, that is, according to Nielsen, households where the head of the household is of Hispanic descent or origin. Although this service offers improvements over previous measurement indices, we believe that it still under-reports the number of viewers watching our programming because we have viewers who do not live in Nielsen-defined Hispanic households.

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Nielsen Station Index. This service measures local station viewing of all households and individuals in a specific market. This ratings service, however, is not language-stratified in markets in which we operate other than Albuquerque, Denver and San Diego, and we believe that it generally under-represents Spanish-speaking households. As a result, we believe that this service typically under-reports viewing of Spanish-language television. Despite this limitation, the Nielsen Station Index demonstrates that many of our broadcast stations achieve total market ratings that are fully comparable with their English-language counterparts, with 5 of our television stations ranking either first or second in their respective markets in prime time among adults 18-34 years of age.

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

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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 NBC 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 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. Over the past several years, Univision's programming has consistently ranked first in prime time television among all U.S. Hispanic adults. In addition, Univision's primary network and the TeleFutura 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 ten 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.

NBC-owned Telemundo is the second-largest Spanish-language television network in the United States. As of December 31, 2010, Telemundo had total coverage reaching approximately 93% 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.

The quality and experience of our management team is a significant strength of our company. However, our growth strategy may place significant demands on our management, working capital and financial resources. We may be unable to identify or complete acquisitions due to strong competition among buyers, the high valuations of media properties and the need to raise additional financing and/or equity. Many of our competitors have more stations than we have, and may have greater resources than we do. While we compete for acquisitions effectively within many markets and within a broad price range, our larger competitors nevertheless may price us out of certain acquisition opportunities.

Radio

Overview

We own and operate 48 radio stations (37 FM and 11 AM), 47 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 42% 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 Network. We broadcast into markets with an aggregate of approximately 19 million U.S. Hispanics. Our radio network broadcasts into 16 of the 19 markets that we serve. Our network allows 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.

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Although our network has 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 satellite transmission.

Radio Formats. Our radio network produces four music formats that are simultaneously distributed via satellite with a digital CD-quality sound to our stations. Each of these formats appeals to different listener preferences:

La Tricolor is a personality-driven format that includes Piolin por la Mañana in eight markets, Erazno y La Chokolata in the afternoon drive, 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 that targets Hispanic adults ages 25-54;

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 regional Mexican 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, Texas market, our bilingual Tejano format a musical blend from the northern Mexican border states with influences from Texan country music targets primarily Hispanic adults 18-49 years of age;

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 1990s and 2000s hit-based adult contemporary format targeting primarily women 25-54 years of age;

In the Orlando, Florida market, we program José 98.1 a format that features a mix of Spanish-language adult contemporary and Tropical hits from the 1980s through the present targeting Hispanic adults 25-54 years of age;

In the Sacramento market, we offer two English-language formats, a contemporary hit format targeting primarily adults 18-34 years of age and a country format targeting primarily adults 25-54 years of age; and

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On our AM station in Phoenix we program ESPN Deportes, a Spanish-language sports talk format targeting primarily Hispanic adults 18-34 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	
		KSSC-FM	107.1 MHz	Super Estrella (1)
		KSSD-FM	107.1 MHz	
		KSSE-FM	107.1 MHz	Super Estrella (1)
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	8			La Tricolor
				José (1)
		KLNZ-FM	103.5 MHz	
		KDVA-FM	106.9 MHz	José (1)
		KVVA-FM	107.1 MHz	
		KMIA-AM	710 kHz	ESPN Deportes (Spanish)
Harlingen-Weslaco-Brownsville-McAllen, Texas	10			Classic Rock (English)
				Tejano
		KFRQ-FM	94.5 MHz	
		KKPS-FM	99.5 MHz	José
		KNVO-FM	101.1 MHz	
		KVLY-FM	107.9 MHz	Adult Contemporary (English)
Sacramento, California	11			La Tricolor
				Country (English)
				Contemporary Hit (English)
Stockton, California				José
		KRCX-FM	99.9 MHz	La Tricolor
		KNTY-FM	101.9 MHz	
Modesto, California		KBMB-FM	103.5 MHz	Maria (1)
		KXSE-FM	104.3 MHz	
		KMIX-FM	100.9 MHz	
		KCVR-AM	1570 kHz	José
		KTSE-FM	97.1 MHz	
		KCVR-FM	98.9 MHz	Maria (1)
Albuquerque-Santa Fe, New Mexico	12			José
		KRZY-FM	105.9 MHz	
		KRZY-AM	1450 kHz	La Tricolor

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Denver-Boulder, Colorado	15				José
					La Tricolor
Aspen, Colorado		KJMN-FM	92.1	MHz	Maria
		KXPK-FM	96.5	MHz	
		KMXA-AM	1090	kHz	
		KPVW-FM	107.1	MHz	La Tricolor
El Paso, Texas	16				Oldies (English)
					José
					El Gato
		KOFX-FM	92.3	MHz	
		KINT-FM	93.9	MHz	Maria
		KYSE-FM	94.7	MHz	
		KSVE-AM	1650	kHz	
		KHRO-AM	1150	kHz	Talk (English)
Orlando-Daytona Beach-Melbourne, Florida	17	WNUE-FM	98.1	MHz	José
Las Vegas, Nevada	23				El Gato
		KRRN-FM	92.7	MHz	
		KQRT-FM	105.1	MHz	La Tricolor
Monterey-Salinas-Santa Cruz, California	33				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	36				José
		KSEH-FM	94.5	MHz	La Tricolor
		KMXX-FM	99.3	MHz	
		KWST-AM	1430	kHz	Time Brokered (2)
Palm Springs, California	39	KLOB-FM	94.7	MHz	José
Lubbock, Texas	48				La Tricolor
		KAIQ-FM	95.5	MHz	
		KBZO-AM	1460	kHz	José
Reno, Nevada	56	KRNV-FM	102.1	MHz	La Tricolor

Market rank source: Nielsen Media Research 2011 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. In addition, our 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.

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Radio Advertising

Substantially all of the revenue 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 2010, local radio revenue accounted for approximately 69% of our total radio revenue.

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. Lotus/Entravision Reps typically acts as our national sales representative to solicit national advertising sales on our Spanish-language radio stations. Lotus/Entravision Reps 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 Lotus/Entravision Reps in January 2011. In 2010, national radio advertising accounted for approximately 31% 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 of English-language stations with similar audience levels. We believe that we will be able 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.

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.

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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 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. Many of the 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 radio services, cellular telephones, 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.

While ultimately we believe that 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 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 and political events, such as the World Cup, major 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,

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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, 2010, we had approximately 876 full-time employees, including 705 full-time employees in television and 171 full-time employees in radio. As of December 31, 2010, 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. 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.

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;

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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;

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;

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

proposals to take back the spectrum allotted for over-the-air broadcasting in favor of wireless broadband;

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, 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

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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.

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 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.

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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).

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).

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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 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.

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On June 2, 2003, the FCC concluded a nearly two-year review of its media ownership rules. The FCC revised its national ownership policy, modified television and cross-ownership restrictions in a given market, and changed its methodology for defining radio markets. A number of parties appealed the FCC's June 2, 2003 decision. The United States Court of Appeals for the Third Circuit, in a decision reached on June 24, 2004, upheld certain of the Commission's actions while remanding others for further review by the FCC. In taking that action, the Court stayed the effectiveness of all of the FCC's actions but, in a subsequent decision, the Court permitted the FCC to implement the local radio multiple ownership rule changes that the Court had upheld. On December 18, 2007, the FCC concluded the proceeding, making only limited changes to the newspaper-broadcast cross-ownership rules. The FCC began another review of its ownership rules in 2010. The FCC is expected to take its initial acts in this proceeding in 2011.

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 next review of its ownership rules commencing. 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 new Equal Employment Opportunity 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

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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 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, 2009, we generally elected "retransmission consent" in notifying the Multichannel Video Programming Distributors, or MVPDs, that carry our television programming in our television markets. We reached agreements with 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 Communications Inc., for our Univision- and TeleFutura-affiliated television stations. We expect to make the same election for the triennial period commencing January 1, 2012.

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 have begun to explore, 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.

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Time Brokerage and Joint Sales Agreements. We have, from time to time, entered into time brokerage and joint sales agreements, generally in connection with pending station acquisitions, under which we are given the right to broker time on stations owned by third parties, or agree that other parties may broker time on our stations, or we or other parties sell broadcast time on a station, 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 the 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.

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, if such agreements take effect prior to the expiration of the waiting period under such Act. 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.

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 only required full-power television stations in the United States to begin broadcasting in digital television. No such obligation has been applied to low-power television stations. The FCC has begun a proceeding to set a date for the transition of low-power television stations to digital transmission. However, we have begun to transition certain of our low-power stations to digital where we believe that an audience is present to view the 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 recently applied for and secured authority for certain of our low-power stations to have paired operations. We have also, in certain cases, 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 and the discontinuance of analog broadcast transmissions by full-power television stations.

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 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

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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.

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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 the 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.

Satellite Digital Audio Radio Service. The FCC has allocated spectrum to a new technology, satellite digital audio radio service, to deliver satellite-based audio programming to a national or regional audience. The FCC has licensed two entities, XM Radio, Inc. and Sirius Satellite Radio, Inc., to provide this service. The nationwide reach of the satellite digital audio radio service allows niche programming aimed at diverse communities that we are targeting. The two entities recently merged after received authority to do so in a proceeding that we opposed. We are not certain what the impact, if any, on our stations of the merger will be. In connection with the approval of the merger, the FCC required that the merged entity set aside certain of its channels for service to minority group audiences.

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 and pursuant to pending legislation, this service will be expanded. 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 to our 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 new 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. When the 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 was to expire in late 2009, but was extended in 2010. While the legislative extension 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 expect any material impact on our business from such proposed or adopted rules.

White Spaces. The FCC has adopted rules, that are under appeal, 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, 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.

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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 dropping 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 has yet been enacted by either House.

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) should come from spectrum currently allocated to television broadcasting.

In order to achieve this spectrum recovery, the FCC has proposed that broadcasters participate in "voluntary auctions" in which interested station owners would offer the spectrum of their stations in auction in which wireless operators would participate as buyers. Legislation to achieve that goal was introduced in the last Congress but was not passed and is expected to be considered again in the current Congress. Whether contained in the legislation or developed by the FCC, the voluntary auction process will have to establish how the 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 retain following the completion of the sale of their stations and associated spectrum.

The FCC has also commenced a proceeding 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, and improving television reception in the VHF band so that remaining television stations would use VHF spectrum while freeing up UHF channels from 30 to 51. 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 losses of approximately \$18.1 million, \$50.1 million and \$528.6 million for the years ended December 31, 2010, 2009 and 2008, respectively. If we cannot generate profits or generate them 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

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assets or subsidiaries. None of these alternatives for raising additional funds may be available on acceptable terms to us or in amounts sufficient for us to meet our requirements. In addition, our ability to raise additional funds and engage in acquisitions is limited by the terms of the Indenture and the 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 \$401.0 million as of December 31, 2010. 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 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 the amounts outstanding under our 2010 Credit Facility agreement are accelerated, our assets may not be sufficient to repay in full the money owed to such lenders.

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

preventing us, under the terms of the Indenture and the 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 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 limited exceptions, both the Indenture and the Credit Agreement contain various provisions that limit our ability to:

incur additional indebtedness;

incur liens;

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

make certain investments;

make certain restricted payments;

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

enter into certain transactions with affiliates; and

change the nature of our business.

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

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

restrict dividends or other payments from subsidiaries.

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

dispose of certain assets; and

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

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These provisions restrict our management's ability to operate our business in accordance with management's discretion and could limit our ability to do a number of things, including growing and competing effectively.

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

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

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

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

Any such action by our lenders 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 2010 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 loss of \$18.1 million and had positive cash flow from operations of \$37.1 million for the year ended December 31, 2010. We reported a net loss of \$50.1 million and had positive cash flow from operations of \$18.8 million for the year ended December 31, 2009. Additionally, as of December 31, 2010, we had an accumulated deficit of \$930.8 million. If we were to again experience net losses and declining net revenue, there could be an adverse effect on our liquidity and capital resources. In addition, if events or circumstances 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, divest non-core assets or operations and/or obtain additional equity or debt financing. There is no assurance that any such transactions could be consummated on terms satisfactory to us or at all. Any default under the Notes or our 2010 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, 2010, we had outstanding total indebtedness of approximately \$401.0 million. Our ability to make payments on and refinance our indebtedness, including the Notes and amounts borrowed under our 2010 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 will be subject to prevailing economic conditions and to 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 2010 Credit Facility or otherwise, in amounts sufficient to enable us to service our

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indebtedness, including the Notes and borrowings under our 2010 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, divest non-core assets or operations and/or obtain additional equity or debt financing. There is no assurance that any such transactions 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 the acquisition or divestiture 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 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 one or more of the lenders under our 2010 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 lenders on favorable terms, or at all.

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

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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 stabilized since 2009, 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 general economic conditions may cause potential customers to defer or forgo the purchase of advertising time. Moreover, insolvencies associated with the current 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 2010 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 may remain uncertain for the foreseeable future. In 2010, we experienced increased customer demand for advertising commitments in both our television and radio segments. However, excluding advertising solely attributable to the World Cup and political activity, we believe that demand was relatively flat for advertising during 2010. We further believe that this condition 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. Additionally, in 2011 we will not benefit from the occurrence of any of these periodic events and that may adversely impact advertising revenue. This uncertainty may 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.

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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 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.

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

We prepare our financial statements in accordance with 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. 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.

Our advertising revenue can vary substantially from period to period based on many factors beyond our control. 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.

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

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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 2010 Credit Facility and cause an acceleration of our indebtedness.

Our 2010 Credit Facility requires us to maintain our FCC licenses. If the FCC were to revoke any of our material licenses, our lenders could declare all amounts outstanding under the 2010 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. We have recently recorded impairments of our television and radio assets.

Goodwill and intangible assets totaled \$283 million and \$321 million at December 31, 2010 and 2009, 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.

In the fourth quarter of 2010, we determined that the carrying values of certain television and radio station FCC licenses and radio goodwill exceeded their fair values and we recognized an impairment charge of \$36 million.

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 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.

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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 officers, 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, 2010, Walter F. Ulloa, Philip C. Wilkinson and Paul A. Zevnik together held approximately 82% 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 Messrs. Ulloa and Wilkinson also serve as executive officers of our company. 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 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 2010 Credit Facility. In addition, other agreements contain provisions that could discourage a takeover.

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 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.

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In addition, the Credit Agreement contains limitations on our ability to enter into a change of control transaction. Under the 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), 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, such as DVRs (e.g., TiVo) 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 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, owing to the relocation of full-power 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 we are unable to move the signals of our low-power television stations to replacement channels to the extent legally required, 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.

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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.

While we expect the amount of revenues generated from our retransmission consent agreements to continue to grow over the next fiscal year and beyond, the rate of growth of such revenue may not continue at recent and current rates.

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.

The Satellite Home Viewer Improvement Act of 1999, or 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 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 the Satellite Home Viewer Extension and Reauthorization Act of 2004, or SHVERA, which expired in 2009. In May 2010, the Satellite Television Extension and Localism Act became law, providing a further five-year extension 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.

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 commenced a further review of its ownership policies for the broadcast medium. To date, however, only a reduction in the

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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 modification 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 would be voluntary and subject to the adoption of legislation by the Congress and that television broadcasters would not be required to return their spectrum. We expect that Congress will consider the form and structure of such voluntary auctions during 2011. However, it cannot be certain how the FCC's efforts to secure additional spectrum for mobile wireless communications will affect television broadcasting, as it is dependent on whether voluntary auctions are authorized and the results thereof.

There are significant political, legal and technical issues to overcome 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.

Available Information

We make available free of charge on our corporate website, www.entravision.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.

Edgar Filing: ENTRAVISION COMMUNICATIONS CORP - Form 10-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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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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 2012. 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.

ITEM 4. RESERVED

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, 2009		
First Quarter	\$ 1.75	\$ 0.12
Second Quarter	\$ 0.85	\$ 0.21
Third Quarter	\$ 2.08	\$ 0.36
Fourth Quarter	\$ 3.60	\$ 1.68
Year Ending December 31, 2010		
First Quarter	\$ 3.55	\$ 2.36
Second Quarter	\$ 3.49	\$ 1.92
Third Quarter	\$ 2.40	\$ 1.51
Fourth Quarter	\$ 2.62	\$ 1.92

As of March 1, 2011, there were approximately 194 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.

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Performance Graph

The following graph, which was produced by Research Data Group, Inc., depicts our quarterly performance for the period from December 31, 2005 through December 31, 2010, 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.

	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07	3/08
Entravision Communications Corporation	100.00	128.65	120.37	104.49	115.45	131.18	146.49	129.49	109.97	93.54
S&P 500	100.00	104.21	102.71	108.53	115.80	116.54	123.85	126.37	122.16	110.62
S&P Broadcasting	100.00	99.06	116.06	125.28	143.99	135.93	145.99	133.64	111.22	109.63

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	6/08	9/08	12/08	3/09	6/09	9/09	12/09	3/10	6/10	9/10	12/10
Entravision Communications Corporation	56.46	37.78	21.91	3.65	6.74	24.30	47.75	38.76	29.63	27.95	36.10
S&P 500	107.60	98.60	76.96	68.49	79.40	91.79	97.33	102.57	90.85	101.11	111.99
S&P Broadcasting	110.67	106.00	62.05	29.57	53.59	93.74	109.70	109.63	108.47	132.10	142.02

Dividend Policy

We have never declared or paid any cash dividends on any class of our common stock. We currently intend to retain all future earnings, if any, to fund the development and growth of our business and do not anticipate paying any cash dividends on any class of our common stock in the foreseeable future. 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 Credit Agreement and the Indenture place certain restrictions on our ability to pay dividends on any class of our common stock.

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, 2010:

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)	9,296,705(2)	\$ 7.12(3)	8,794,206
Employee Stock Purchase Plan	N/A(4)	N/A(4)	3,997,062
Equity compensation plans not approved by security holders			
Total	9,296,705	\$ 7.12	12,791,268

- (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 1,440,750 restricted stock units.
- (3) Weighted average exercise price of outstanding options; excludes restricted stock units.
- (4) Our 2001 Employee Stock Purchase Plan 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.

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 purchases. We completed this repurchase program in April 2008. We repurchased a total of 13.0 million shares of Class A common stock for \$100 million.

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On April 7, 2008, our Board of Directors approved an additional 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 purchases. As of December 31, 2008, we repurchased approximately 7.4 million shares at an average price of \$2.67 for an aggregate purchase price of approximately \$19.8 million. We repurchased an additional 0.4 million shares of our outstanding Class A common stock at an average price of \$1.47 for an aggregate purchase price of approximately \$0.5 million during the year ended December 31, 2009. We did not repurchase any shares of Class A common stock in 2010.

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, 2010.

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, 2010, 2009 and 2008 and with respect to our consolidated balance sheets as of December 31, 2010 and 2009 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, 2007 and 2006 and the consolidated balance sheet data as of December 31, 2008, 2007 and 2006 have been derived from our audited consolidated financial statements not included herein. The consolidated statement of operations data for all prior periods has been reclassified to reflect the outdoor operations as discontinued operations (see Note 2 to Notes to Consolidated Financial Statements).

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)

	2010	2009	Years Ended December 31,		
			2008	2007	2006
Statements of Operations Data:					
Net revenue	\$ 200,476	\$ 189,231	\$ 232,335	\$ 250,046	\$ 255,134
Direct operating expenses	84,802	83,902	100,801	99,608	98,306
Selling, general and administrative expenses	38,046	38,278	43,709	44,267	46,260
Corporate expenses	18,416	14,918	17,117	17,353	17,520
(Gain) loss on sale of assets					(26,160)
Depreciation and amortization	19,229	21,033	23,412	22,565	21,769
Impairment charge	36,109	50,648	610,456		189,661
	196,602	208,779	795,495	183,793	347,356
Operating income (loss)	3,874	(19,548)	(563,160)	66,253	(92,222)
Interest expense	(24,429)	(27,948)	(43,093)	(49,405)	(29,431)
Interest income	260	459	1,894	4,809	1,602
Gain (loss) on debt extinguishment	(987)	(4,716)	9,813		
Income (loss) before income taxes	(21,282)	(51,753)	(594,546)	21,657	(120,051)
Income tax (expense) benefit	3,376	1,917	70,086	18,047	(2,273)
Income (loss) before equity in net income (loss) of nonconsolidated affiliate and discontinued operations	(17,906)	(49,836)	(524,460)	39,704	(122,324)
Equity in net income (loss) of nonconsolidated affiliate	(180)	(236)	(166)	336	(152)
Income (loss) from continuing operations	(18,086)	(50,072)	(524,626)	40,040	(122,476)
Income (loss) from discontinued operations			(3,930)	(83,157)	(12,123)
Net income (loss) applicable to common stockholders	\$ (18,086)	\$ (50,072)	\$ (528,556)	\$ (43,117)	\$ (134,599)

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Net income (loss) per share applicable to common stockholders, basic and diluted	\$ (0.21)	\$ (0.60)	\$ (5.84)	\$ (0.42)	\$ (1.27)
Weighted average common shares outstanding, basic	84,488,930	83,972,709	90,560,685	102,382,307	106,078,486
Weighted average common shares outstanding, diluted	84,488,930	83,972,709	90,560,685	103,020,657	106,078,486

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	Years Ended December 31,				
	2010	2009	2008	2007	2006
Other Data:					
Capital expenditures	\$ 7,177	\$ 6,961	\$ 16,860	\$ 14,284	\$ 21,885
Balance Sheet Data:					
Cash and cash equivalents	\$ 72,390	\$ 27,666	\$ 64,294	\$ 86,945	\$ 118,525
Total assets	490,810	487,927	592,983	1,366,148	1,418,664
Long-term debt, including current portion	396,119	363,949	406,523	484,078	497,770
Total stockholders' equity	\$ 10,357	\$ 25,235	\$ 72,094	\$ 657,810	\$ 751,719

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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, 2010, 2009 and 2008 and consolidated financial condition as of December 31, 2010 and 2009 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 with a unique portfolio of television and radio assets that reach Hispanic consumers across the United States, as well as the border markets of Mexico. We operate in two reportable segments: television broadcasting and radio broadcasting. Our net revenue for the year ended December 31, 2010 was \$200.5 million. Of that amount, revenue generated by our television segment accounted for 66% and revenue generated by our radio segment accounted for 34%.

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

We generate revenue primarily from sales of national and local advertising time on television and radio stations, and from retransmission consent agreements. Advertising rates are, in large part, based on each medium's ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast. We recognize retransmission consent revenue when it is accrued pursuant to the agreements we have entered into with respect to such revenue. 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. Additionally, revenue tends to be affected by the occurrence or non-occurrence in a given year of major sporting and political events, such as World Cup and major elections.

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.

The comparability of our results between 2010 and 2009 is affected by acquisitions and dispositions in those periods. In those years, we primarily acquired new media properties in markets where we already owned existing media properties. While new media properties contribute to the financial results of their markets, we do not attempt to measure their effect as they typically are integrated into existing operations.

Highlights

During 2010, we saw stabilization in advertising, both in television and radio. Our revenues were positively affected by increased advertising, primarily relating to the World Cup, political activity and the 2010 census. In addition, we continued to generate increased retransmission

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consent revenue. Our audience shares remain strong in the nation's most densely populated Hispanic markets. Nonetheless, we believe that we will continue to face uncertainty in 2011 as our advertising customers continue to make difficult choices in the current uncertain economic environment and there is an absence of major sporting events and political activity.

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Net revenue for our television segment increased to \$132.6 million in 2010 from \$124.4 million in 2009. This increase of \$8.2 million, or 7%, in net revenue was primarily due to revenue from political advertising, retransmission consent revenue and revenue from World Cup advertising. We generated \$13.7 million and \$9.5 million in retransmission consent revenue for the years ended December 31, 2010 and 2009, respectively. We anticipate that retransmission consent revenue will continue to be a growing source of net revenues.

Net revenue for our radio segment increased to \$67.9 million in 2010, from \$64.8 million in 2009. This increase of \$3.1 million, or 5%, in net revenue was primarily due to revenue from World Cup, political and census advertising.

Acquisitions and Dispositions

In April 2009, we acquired the assets of television station KREN-TV, serving the Reno, Nevada market for approximately \$4.3 million. We reduced the carrying value of the assets of television station KREN-TV to its fair value of \$1.6 million by recording a carrying value adjustment of \$2.7 million. This charge is included in our consolidated statements of operations for continuing operations. We evaluated the transferred set of activities, assets, inputs and processes applied to these inputs in this acquisition and determined that the acquisition did not constitute a business. Currently, we are subject to certain limitations on acquisitions under the terms of the Indenture and the 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 non-core assets in markets where we do not see the opportunity to grow to scale and build out media clusters. In accordance with this strategy, we sold our outdoor advertising operations in May 2008 to Lamar Advertising Co. for \$101.5 million and we no longer have outdoor advertising operations. Accordingly, our financial statements reflect the outdoor advertising operations as discontinued operations; we have presented the related assets and liabilities as assets held for sale and reclassified the related revenue and expenses as discontinued operations.

Relationship with Univision

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

Under the network affiliation agreements, Univision acts as our exclusive sales representative for the sale of national and regional advertising sales on our Univision- and TeleFutura-affiliate television stations, and Entravision pays certain sales representation fees to Univision relating to national and regional advertising sales. During the years ended December 31, 2010 and 2009, the amount we paid Univision in this capacity was \$8.8 and \$6.6 million, respectively.

In August 2008, we entered into a proxy agreement with Univision pursuant to which we granted to Univision the right to negotiate the terms of retransmission consent agreements for our Univision- and TeleFutura-affiliated television station signals for a term of six years. Among other things, the proxy agreement provides terms relating to compensation to be paid to us by Univision with respect to retransmission consent agreements entered into with cable and other television service providers. During the years ended December 31, 2010 and 2009, retransmission

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consent revenue accounted for approximately \$13.7 million and \$9.5 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

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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.

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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,			%	%
	2010	2009	2008	Change 2010 to 2009	Change 2009 to 2008
Net Revenue					
Television	\$ 132,561	\$ 124,437	\$ 145,938	7%	(15)%
Radio	67,915	64,794	86,397	5%	(25)%
Consolidated	200,476	189,231	232,335	6%	(19)%
Direct operating expenses					
Television	52,882	52,424	64,095	1%	(18)%
Radio	31,920	31,478	36,706	1%	(14)%
Consolidated	84,802	83,902	100,801	1%	(17)%
Selling, general and administrative expenses					
Television	20,249	20,279	22,120	(0)%	(8)%
Radio	17,797	17,999	21,589	(1)%	(17)%
Consolidated	38,046	38,278	43,709	(1)%	(12)%
Depreciation and amortization					
Television	15,489	15,680	17,824	(1)%	(12)%
Radio	3,740	5,353	5,588	(30)%	(4)%
Consolidated	19,229	21,033	23,412	(9)%	(10)%
Segment operating profit					
Television	43,941	36,054	41,899	22%	(14)%
Radio	14,458	9,964	22,514	45%	(56)%
Consolidated	58,399	46,018	64,413	27%	(29)%
Corporate expenses	18,416	14,918	17,117	23%	(13)%
Impairment charge	36,109	50,648	610,456	(29)%	(92)%
Operating income (loss)	\$ 3,874	\$ (19,548)	\$ (563,160)	*	(97)%
Consolidated adjusted EBITDA (1)	\$ 63,635	\$ 55,312	\$ 74,104	15%	(25)%
Capital expenditures					
Television	\$ 6,196	\$ 5,839	\$ 13,329		
Radio	981	1,122	3,531		
Consolidated	\$ 7,177	\$ 6,961	\$ 16,860		

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Total assets			
Television	\$ 367,474	\$ 348,191	\$ 396,231
Radio	123,336	139,736	196,752
Consolidated	\$ 490,810	\$ 487,927	\$ 592,983

* 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, loss on debt extinguishment, loss from discontinued operations,

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

Since our ability to borrow from our 2010 Credit Facility is based on a consolidated adjusted EBITDA financial covenant, we believe that it is important to disclose consolidated adjusted EBITDA to our investors. Our 2010 Credit Facility contains certain financial covenants relating to the maximum allowed leverage ratio, maximum revolving credit leverage ratio, minimum cash interest coverage ratio and minimum fixed charge coverage ratio. The maximum allowed leverage ratio, or the ratio of consolidated total debt to trailing-twelve-month consolidated adjusted EBITDA, affects our ability to borrow from our 2010 Credit Facility. Under our 2010 Credit Facility, our maximum allowed leverage ratio may not exceed 7.25 to 1. The actual leverage ratio was as follows (in each case as of December 31): 2010, 6.3 to 1; 2009, 6.6 to 1. Therefore, we were in compliance with this covenant at each of those dates. We entered into our 2010 Credit Facility in July 2010, so we were not subject to the same calculations and covenants in prior years. However, for consistency of presentation, the foregoing historical ratios assume that the current covenant had been applicable for all periods presented.

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

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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,		
	2010	2009	2008
Consolidated adjusted EBITDA (1)	\$ 63,635	\$ 55,312	\$ 74,104
Interest expense	(24,429)	(27,948)	(43,093)
Interest income	260	459	1,894
Gain (loss) on debt extinguishment	(987)	(4,716)	9,813
Income tax benefit	3,376	1,917	70,086
Amortization of syndication contracts	(1,159)	(1,981)	(2,883)
Payments on syndication contracts	2,724	2,836	2,840
Non-cash stock-based compensation included in direct operating expenses	(454)	(854)	(633)
Non-cash stock-based compensation included in selling, general and administrative expenses	(897)	(1,142)	(794)
Non-cash stock-based compensation included in corporate expenses	(1,619)	(2,038)	(1,926)
Depreciation and amortization	(19,229)	(21,033)	(23,412)
Impairment charge	(36,109)	(50,648)	(610,456)
Reserve for note receivable	(3,018)		
Reclassified items in discontinued operations			(3,930)
Equity in net income (loss) of nonconsolidated affiliates	(180)	(236)	(166)
Net income (loss)	(18,086)	(50,072)	(528,556)
Depreciation and amortization	19,229	21,033	23,412
Impairment charge	36,109	50,648	610,456
Deferred income taxes	(4,342)	(2,351)	(71,571)
Amortization of debt issue costs	1,140	402	459
Amortization of syndication contracts	1,159	1,981	2,883
Payments on syndication contracts	(2,724)	(2,836)	(2,840)
Equity in net (income) loss of nonconsolidated affiliate	180	236	166
Non-cash stock-based compensation	2,970	4,034	3,353
Loss (gain) on debt extinguishment	934	945	(9,813)
Reserve for note receivable	3,018		
Change in fair value of interest rate swap agreements	(12,188)	(6,979)	11,648
Changes in assets and liabilities, net of effect of acquisitions and dispositions:			
(Increase) decrease in restricted cash	(809)		
(Increase) decrease in accounts receivable	2,091	570	11,156
(Increase) decrease in prepaid expenses and other assets	310	(484)	803
Increase (decrease) in accounts payable, accrued expenses and other liabilities	8,134	1,662	(6,065)
Effect of discontinued operations			(1,273)
Cash flows from operating activities	\$ 37,125	\$ 18,789	\$ 44,218

(footnotes on preceding page)

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Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Consolidated Operations

Net Revenue. Net revenue increased to \$200.5 million for the year ended December 31, 2010 from \$189.2 million for the year ended December 31, 2009, an increase of \$11.3 million. Of the overall increase, \$8.2 million came from our television segment and was primarily attributable to revenue from political advertising, retransmission consent revenue, and revenue from World Cup advertising. Additionally, \$3.1 million of the overall increase came from our radio segment and was primarily attributable to revenue from World Cup, political and census advertising.

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

Direct Operating Expenses. Direct operating expenses increased to \$84.8 million for the year ended December 31, 2010 from \$83.9 million for the year ended December 31, 2009, an increase of \$0.9 million. Of the overall increase, \$0.5 million came from our television segment and was primarily attributable to an increase in national representation fees and other expenses associated with the increase in net revenue, partially offset by a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009 and a decrease in syndication amortization. Additionally, \$0.4 million of the overall increase came from our radio segment and was primarily attributable to an increase in national representation fees and an increase in ratings expense, partially offset by a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009. As a percentage of net revenue, direct operating expenses decreased to 42% for the year ended December 31, 2010 from 44% for the year ended December 31, 2009. 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 2011 primarily as a result of the partial restoration of employee salaries during the first quarter of 2011. We had implemented salary reductions as a cost-savings strategy during the first quarter of 2009.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to \$38.0 million for the year ended December 31, 2010 from \$38.3 million for the year ended December 31, 2009, a decrease of \$0.3 million. The overall decrease, \$0.2 million came from our radio segment and was primarily attributable to a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009. Additionally, \$0.1 million of the overall decrease came from our television segment and was primarily attributable to a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009. As a percentage of net revenue, selling, general and administrative expenses decreased to 19% for the year ended December 31, 2010 from 20% for the year ended December 31, 2009. Selling, general and administrative expenses as a percentage of net revenue decreased because selling, general and administrative expenses decreased while net revenue increased.

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

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Corporate Expenses. Corporate expenses increased to \$18.4 million for the year ended December 31, 2010 from \$14.9 million for the year ended December 31, 2009, an increase of \$3.5 million. The increase was primarily attributable to creating a reserve for a \$3.0 million note receivable, together with accrued interest, relating to the sale of our publishing segment in 2003. Excluding the note receivable reserve and accrued interest,

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corporate expenses increased to \$15.4 million for the year ended December 31, 2010 from 14.9 million for the year ended December 31, 2009, an increase of \$0.5 million. The increase was primarily attributable to indirect expenses relating to the issuance of the Notes. As a percentage of net revenue, corporate expenses increased to 9% for the year ended December 31, 2010 from 8% for the year ended December 31, 2009. Corporate expenses as a percentage of net revenue increased because the increase in corporate expenses outpaced the increase in net revenue.

We believe that corporate expenses will continue to increase during 2011 primarily as a result of increased professional fees.

Depreciation and Amortization. Depreciation and amortization decreased to \$19.2 million for the year ended December 31, 2010 from \$21.0 million for the year ended December 31, 2009, a decrease of \$1.8 million. The decrease was primarily due to a decrease in radio depreciation as certain radio 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. Continuing operations includes an impairment charge of \$50.6 million for the year ended December 31, 2009, which was a result of a \$47.9 million impairment of our radio FCC licenses and a \$2.7 million impairment of our television FCC licenses.

Operating Income. As a result of the above factors, operating income was \$3.9 million for the year ended December 31, 2010, compared to operating loss of \$19.5 million for the year ended December 31, 2009.

Interest Expense. Interest expense decreased to \$24.4 million for the year ended December 31, 2010 from \$27.9 million for the year ended December 31, 2009, a decrease of \$3.5 million. The decrease in interest expense was primarily attributable to the change in the fair value of our interest rate swap agreements.

Loss on Debt Extinguishment. 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. We recorded a loss on debt extinguishment of \$4.7 million for fees, unamortized finance costs and interest rate swap agreement termination costs associated with the amendment to our previous syndicated bank credit facility agreement for the year ended December 31, 2009.

Income Tax Expense. 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 intangibles. Income tax benefit for the year ended December 31, 2009 was \$1.9 million. The effective income tax rate was 3.6%, which reflects a decrease to statutory rate of approximately 38% due to an increase in the valuation allowance.

As of December 31, 2010, we believe that our deferred tax assets will not be fully realized in the future and we are providing a full valuation allowance against those deferred tax assets. In determining our deferred tax assets subject to a valuation allowance, we excluded the deferred tax liabilities attributable to indefinite-lived intangibles.

Segment Operations

Television

Net Revenue. Net revenue in our television segment increased to \$132.6 million for the year ended December 31, 2010 from \$124.4 million for the year ended December 31, 2009, an increase of \$8.2 million. The increase was primarily attributable to revenue from political advertising, retransmission consent revenue, and

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revenue from World Cup advertising. We generated a total of \$13.7 million and \$9.5 million in retransmission consent revenue for the years ended December 31, 2010 and 2009, respectively. We anticipate that retransmission consent revenue for the full year 2011 will be greater than it was for the full year 2010 and will continue to be a growing source of net revenues in future periods.

Direct Operating Expenses. Direct operating expenses in our television segment increased to \$52.9 million for the year ended December 31, 2010 from \$52.4 million for the year ended December 31, 2009, an increase of \$0.5 million. The increase was primarily attributable to an increase in national representation fees and other expenses associated with the increase in net revenue, partially offset by a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009 and a decrease in syndication amortization.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our television segment decreased to \$20.2 million for the year ended December 31, 2010 from \$20.3 million for the year ended December 31, 2009, a decrease of \$0.1 million. The decrease was primarily attributable to a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009.

Radio

Net Revenue. Net revenue in our radio segment increased to \$67.9 million for the year ended December 31, 2010 from \$64.8 million for the year ended December 31, 2009, an increase of \$3.1 million. The increase was primarily attributable to revenue from World Cup, political and census advertising.

Direct Operating Expenses. Direct operating expenses in our radio segment increased to \$31.9 million for the year ended December 31, 2010 from \$31.5 million for the year ended December 31, 2009, an increase of \$0.4 million. The increase was primarily attributable to an increase in national representation fees and an increase in ratings expense, partially offset by a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our radio segment decreased to \$17.8 million for the year ended December 31, 2010 from \$18.0 million for the year ended December 31, 2009, a decrease of \$0.2 million. The decrease was primarily attributable to a decrease in salary expense due to reductions in personnel and salary reductions implemented in 2009.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Consolidated Operations

Net Revenue. Net revenue decreased to \$189.2 million for the year ended December 31, 2009 from \$232.3 million for the year ended December 31, 2008, a decrease of \$43.1 million. Of the overall decrease, \$21.6 million came from our radio segment and was primarily attributable to a decrease in local and national advertising sales and advertising rates, which in turn was primarily due to the weak economy. Additionally, \$21.5 million of the overall decrease came from our television segment and was primarily attributable to a decrease in local and national advertising rates, which in turn was primarily due to the weak economy, partially offset by an increase in retransmission consent

revenue in the amount of \$9.5 million.

Direct Operating Expenses. Direct operating expenses decreased to \$83.9 million for the year ended December 31, 2009 from \$100.8 million for the year ended December 31, 2008, a decrease of \$16.9 million. Of the overall decrease, \$11.7 million came from our television segment and was primarily attributable to a decrease in national representation fees and other expenses associated with the decrease in net revenue and a decrease in salary expense due to reductions of personnel and salary reductions. Additionally, \$5.2 million of the overall decrease came from our radio segment and was primarily attributable to a decrease in expenses associated with the decrease in net revenue and a decrease in salary expense due to reductions of personnel and salary reductions.

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As a percentage of net revenue, direct operating expenses increased to 44% for the year ended December 31, 2009 from 43% for the year ended December 31, 2008. Direct operating expenses as a percentage of net revenue increased because the decrease in net revenue outpaced the decrease in direct operating expenses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to \$38.3 million for the year ended December 31, 2009 from \$43.7 million for the year ended December 31, 2008, a decrease of \$5.4 million. Of the overall decrease, \$3.6 million came from our radio segment and was primarily attributable to decreases in salary expense due to reductions of personnel and salary reductions and promotional spending. Additionally, \$1.8 million of the overall decrease came from our television segment and was primarily attributable to a decrease in salary expense due to reductions of personnel and salary reductions. As a percentage of net revenue, selling, general and administrative expenses increased to 20% for the year ended December 31, 2009 from 19% for the year ended December 31, 2008. Selling, general and administrative expenses as a percentage of net revenue increased because the decrease in net revenue outpaced the decrease in selling, general and administrative expenses.

Corporate Expenses. Corporate expenses decreased to \$14.9 million for the year ended December 31, 2009 from \$17.1 million for the year ended December 31, 2008, a decrease of \$2.2 million. The decrease was primarily attributable to a decrease in professional fees and salary expense due to salary reductions. As a percentage of net revenue, corporate expenses increased to 8% for the year ended December 31, 2009 from 7% for the year ended December 31, 2008. Corporate expenses as a percentage of net revenue increased because the decrease in net revenue outpaced the decrease in corporate expenses.

Depreciation and Amortization. Depreciation and amortization decreased to \$21.0 million for the year ended December 31, 2009 from \$23.4 million for the year ended December 31, 2008, a decrease of \$2.4 million.

Impairment Charge. Continuing operations includes an impairment charge of \$47.9 million related to our radio FCC licenses for the year ended December 31, 2009. Continuing operations also includes a carrying value adjustment of \$2.7 million from our television segment for the year ended December 31, 2009. Continuing operations includes an impairment charge of \$610.5 million for the year ended December 31, 2008, which was a result of a \$133.5 million impairment of goodwill in our radio segment, a \$413.0 million impairment of our radio FCC licenses, a \$59.1 million impairment of our television FCC licenses and a \$4.9 million impairment of our television syndicated programming contracts.

Operating Income (loss). As a result of the above factors, operating loss was \$19.5 million for the year ended December 31, 2009, compared to an operating loss of \$563.2 million for the year ended December 31, 2008.

Interest Expense. Interest expense decreased to \$27.9 million for the year ended December 31, 2009 from \$43.1 million for the year ended December 31, 2008, a decrease of \$15.2 million. Of the overall decrease, \$18.6 million was primarily attributable to the change in the fair value of our interest rate swap agreements, partially offset by an increase of \$3.4 million of interest expense attributable to higher interest rates from the amendment to the syndicated bank credit facility.

Gain (Loss) on Debt Extinguishment. We recorded a loss on debt extinguishment of \$4.7 million for fees, unamortized finance costs and interest rate swap agreement termination costs associated with the amendment to the syndicated bank credit facility for the year ended December 31, 2009. During the year ended December 31, 2008, we reduced our term loan debt by \$76.5 million, of which \$66.5 million was repurchased pursuant to the amendment to our credit facility agreement that we entered into on November 12, 2008, and retired that portion of our debt. We recorded a gain on debt extinguishment of \$9.8 million by repurchasing the debt at a discount during the year ended December 31, 2008.

Income Tax Expense. Income tax benefit for the year ended December 31, 2009 was \$1.9 million. The effective income tax rate was 3.6%, which reflects a decrease to the statutory rate of approximately 38% due to

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an increase in the valuation allowance. Income tax benefit for the year ended December 31, 2008 was \$70.1 million. The effective tax rate for the year ended December 31, 2008 was 11.8%, which reflects a decrease from the statutory rate due to an increase in the valuation allowance on our net deferred tax assets and the impairment of goodwill.

Loss from Discontinued Operations. We sold our outdoor advertising operations during the second quarter of 2008. We reported the results of our outdoor advertising operations in discontinued operations within the consolidated statements of operations. The loss from discontinued operations was \$3.9 million for the year ended December 31, 2008.

Segment Operations

Television

Net Revenue. Net revenue in our television segment decreased to \$124.4 million for the year ended December 31, 2009 from \$145.9 million for the year ended December 31, 2008, a decrease of \$21.5 million. The decrease was primarily attributable to a decrease in local and national advertising rates, which in turn was primarily due to the weak economy. We also generated \$9.5 million in retransmission consent revenue. We anticipate that retransmission consent revenue will continue to increase in future periods.

Direct Operating Expenses. Direct operating expenses in our television segment decreased to \$52.4 million for the year ended December 31, 2009 from \$64.1 million for the year ended December 31, 2008, a decrease of \$11.7 million. The decrease was primarily attributable to a decrease in national representation fees and other expenses associated with the decrease in net revenue and a decrease in salary expense due to reductions in personnel and salary reductions.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in our television segment decreased to \$20.3 million for the year ended December 31, 2009 from \$22.1 million for the year ended December 31, 2008, a decrease of \$1.8 million. The decrease was primarily attributable to a decrease in salary expense due to reductions in personnel and salary reductions.

Radio

Net Revenue. Net revenue in our radio segment decreased to \$64.8 million for the year ended December 31, 2009 from \$86.4 million for the year ended December 31, 2008, a decrease of \$21.6 million. The decrease was primarily attributable to a decrease in local and national advertising sales and advertising rates, which in turn was primarily due to the weak economy.

Direct Operating Expenses. Direct operating expenses in our radio segment decreased to \$31.5 million for the year ended December 31, 2009 from \$36.7 million for the year ended December 31, 2008, a decrease of \$5.2 million. The decrease was primarily attributable to a decrease in expenses associated with the decrease in net revenue and a decrease in salary expense due to reductions in personnel and salary reductions.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses in our radio segment decreased to \$18.0 million for the year ended December 31, 2009 from \$21.6 million for the year ended December 31, 2008, a decrease of \$3.6 million. The decrease was primarily attributable to decreases in salary expense due to reductions in personnel and salary reductions and promotional spending.

Liquidity and Capital Resources

While we have a history of operating losses in some periods and operating income in other periods, we also have a history of generating significant positive cash flows from our operations. Although we had net losses of

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approximately \$18.1 million, \$50.1 million and \$528.6 million for the years ended December 31, 2010, 2009 and 2008, respectively, we had positive cash flow from operations of \$37.1 million, \$18.8 million and \$44.2 million for the years ended December 31, 2010, 2009 and 2008, 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 and available borrowings under our 2010 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 of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. We received net proceeds of approximately \$388 million from the sale of the Notes (net of bond discount of \$5 million and fees of \$7 million), which were used to pay all indebtedness outstanding under our previous syndicated bank credit facility, terminate the related interest rate swap agreements, pay fees and expenses related to offering of the Notes offering and for general corporate purposes.

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

At our option, we may redeem:

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

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

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

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

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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.

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

2010 Credit Facility

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

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

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

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

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

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

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

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

Facility; and

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

As a result of the termination of our previous syndicated bank credit facility, discussed below, we are no longer subject to the financial covenants associated with the syndicated bank credit facility. However, subject to certain exceptions, the Indenture, the 2010 Credit Agreement, or both, contain certain covenants that limit our ability, among other things, to:

incur additional indebtedness;

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incur liens;

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

make certain investments;

make certain restricted payments;

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

enter into certain transactions with affiliates; and

change the nature of our business.

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

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

restrict dividends or other payments from subsidiaries.

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

dispose of certain assets; and

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

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

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

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

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

Debt and Equity Financing

On November 1, 2006, our Board of Directors approved a \$100 million stock repurchase program. We were authorized to repurchase up to \$100 million of our outstanding Class A common stock from time to time in open market transactions at prevailing market prices, block trades and private repurchases. We completed this repurchase program in April 2008. We repurchased a total of 13.0 million shares of Class A common stock for \$100 million.

On April 7, 2008, our Board of Directors approved an additional 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 purchases. As of December 31, 2008, we repurchased approximately 7.4 million shares at an average price of \$2.67 for an aggregate purchase price of approximately \$19.8 million. We repurchased an additional 0.4 million shares of our outstanding Class A common stock at an average price of \$1.47 for an aggregate purchase price of approximately \$0.5 million during the year ended December 31, 2009.

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, 2010.

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On October 4, 2007, the Company's Board of Directors approved the retirement of 6.3 million shares of repurchased Class A common stock. On December 31, 2008, the Company's Board of Directors approved the retirement of 14.1 million shares of repurchased Class A common stock. On December 31, 2009, the Company's Board of Directors approved the retirement of 1.2 million shares of repurchased Class A common stock.

Consolidated Adjusted EBITDA

Consolidated adjusted EBITDA (as defined below) increased to \$63.6 million for the year ended December 31, 2010 from \$55.3 million for the year ended December 31, 2009, an increase of \$8.3 million, or 15%. As a percentage of net revenue, consolidated adjusted EBITDA increased to 32% for the year ended December 31, 2010 from 29% for the year ended December 31, 2009.

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

Since our ability to borrow from our 2010 Credit Facility is based on a consolidated adjusted EBITDA financial covenant, we believe that it is important to disclose consolidated adjusted EBITDA to our investors. Our 2010 Credit Facility contains certain financial covenants relating to the maximum allowed leverage ratio, maximum revolving credit leverage ratio, minimum cash interest coverage ratio and minimum fixed charge coverage ratio. The maximum allowed leverage ratio, or the ratio of consolidated total debt to trailing-twelve-month consolidated adjusted EBITDA, affects our ability to borrow from our 2010 Credit Facility. Under our 2010 Credit Facility, our maximum allowed leverage ratio may not exceed 7.25 to 1. The actual leverage ratio was as follows (in each case as of December 31): 2010, 6.3 to 1; 2009, 6.6 to 1. Therefore, we were in compliance with this covenant at each of those dates. We entered into our 2010 Credit Facility in July 2010, so we were not subject to the same calculations and covenants in prior years. However, for consistency of presentation, the foregoing historical ratios assume that our current definition had been applicable for all periods presented.

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

Consolidated adjusted EBITDA is a non-GAAP measure. For a reconciliation of consolidated adjusted EBITDA to cash flows from operating activities, its most directly comparable GAAP financial measure, please see page 48.

Table of Contents***Cash Flow***

Net cash flow provided by operating activities was \$37.1 million for the year ended December 31, 2010 compared to net cash flow provided by operating activities of \$18.8 million for the year ended December 31, 2009. Our net loss of \$18.1 million for the year ended December 31, 2010 was primarily a result of non-cash expenses, including an impairment charge of \$36.1 million and depreciation and amortization expense of \$19.2 million. Our net loss of \$50.1 million for the year ended December 31, 2009 was primarily a result of non-cash expenses, including an impairment charge of \$50.6 million and depreciation and amortization expense of \$21.0 million. We expect to continue to have positive cash flow from operating activities for 2011.

Net cash flow used in investing activities was \$8.7 million for the year ended December 31, 2010, compared to net cash flow used by investing activities of \$10.8 million for the year ended December 31, 2009. During the year ended December 31, 2010, we spent \$8.7 million on net capital expenditures and intangible assets. During the year ended December 31, 2009, we spent \$6.8 million on net capital expenditures and \$4.1 million related to the acquisition of television assets in Reno, Nevada. These capital expenditures were paid out of net cash flow from operations. We anticipate that our capital expenditures will be approximately \$8 million during 2011.

Net cash flow provided by financing activities was \$16.2 million for the year ended December 31, 2010, compared to net cash flow used by financing activities of \$44.6 million for the year ended December 31, 2009. During the year ended December 31, 2010, we received \$387.9 million of proceeds from the sale of the Notes (net of bond discount of \$5.1 million and fees of \$7.0 million), paid \$367.0 million to repay all indebtedness outstanding under our previous syndicated bank credit facility and related interest rate swap agreements and paid an additional \$4.9 million in expenses related to the Notes. During the year ended December 31, 2009, we made net debt payments of \$42.6 million, paid \$1.2 million in fees and expenses related to the amendment of our syndicated bank credit facility, repurchased 1.2 million shares of our Class A common stock for \$1.1 million including transaction fees and received net proceeds of \$0.3 million from the sale of shares issued under our 2001 Employee Stock Purchase Plan.

In order to increase our high definition programming in the future, we intend to continue construction at our production control facilities in 2011 and 2012. We currently expect that the total cost of this high definition upgrade at our local studio and control facilities will be approximately \$3 million. We intend to finance the high definition upgrade by using net cash flow from operations.

Commitments and Contractual Obligations

We have agreements with certain media research and ratings providers, expiring at various dates through December 2011, 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.

Our material contractual obligations at December 31, 2010 are as follows (in thousands):

	Total amounts committed	Payments Due by Period			More than 5 years
		Less than 1 year	1-3 years	3-5 years	
Contractual Obligations					

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2010 Credit Facility and other borrowings and related interest (1)	\$ 646,000	\$ 36,000	\$ 70,000	\$ 70,000	\$ 470,000
Media research and ratings providers (2)	36,364	11,670	11,966	12,728	
Operating leases and other material non-cancelable contractual obligations (2) (3)	54,060	9,146	13,702	10,933	20,279
Total contractual obligations	\$ 736,424	\$ 56,816	\$ 95,668	\$ 93,661	\$ 490,279

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- (1) These amounts represent estimated future cash interest payments related to our 2010 Credit Facility and other borrowings. 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. Please refer to 2010 Credit Facility above for interest terms.
- (2) Does not include month-to-month leases.
- (3) Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2010, 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, Philip C. Wilkinson, Jeffery A. Liberman 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

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.

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

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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

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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, 2010, 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 78%. Therefore, we do not believe that we are at risk of failing step one of the goodwill impairment test in our television reporting unit for at least the foreseeable future. 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. We wrote down the remaining radio goodwill to \$0 during our 2010 annual impairment test so we do not have any goodwill in our radio reporting unit at December 31, 2010.

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.

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

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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 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 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.

Revenue Recognition

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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.

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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. For the year ended December 31, 2009, the Company recognized a decrease of \$7.0 million in interest expense related to the increase in fair value of the interest rate swap agreements.

We terminated the swap agreements effective July 27, 2010, so there is no balance as of December 31, 2010. As of December 31, 2009, the fair value of the interest rate swap agreements was a liability of \$16.2 million and is classified in other liabilities on the balance sheet.

Discontinued Operations

We sold the outdoor advertising business in May of 2008 and no longer have outdoor operations. In accordance with ASC 205-20, "Discontinued Operations", we have reported the results of the outdoor advertising business for all periods presented in discontinued operations within the consolidated statements of operations. In the statements of cash flows, the cash flows of discontinued operations have been reclassified for all periods presented and are separately classified within the respective categories with those of continuing operations.

Certain amounts in our prior period consolidated financial statements and notes to the financial statements have been reclassified to conform to current period presentation. All discussions and amounts in the consolidated financial statements and the related notes to consolidated statements for all periods presented relate to continuing operations only, unless otherwise noted.

Additional Information

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

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Recent Accounting Pronouncements

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU 2009-13). ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how arrangement consideration shall be measured and allocated to the separate units of accounting in the arrangement. ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosures relating to transfers in and out of Level 1 and Level 2 fair value measurements, levels of disaggregation, and valuation techniques. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (ASU 2010-28). ASU 2010-28 modifies step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations* (ASU 2010-29). ASU 2010-29 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

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 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 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

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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 our annual review of our television reporting unit and determined that the fair value of our television reporting unit exceeded the carrying value. The fair value of the television reporting unit was primarily

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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 determined that our television reporting unit fair value exceeded its carrying value so no impairment of goodwill was recorded.

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 recognized impairment charges of \$24 million relating to television FCC licenses in the fourth quarter of 2010.

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 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 determined that our radio reporting unit carrying value exceeded its fair value and we recognized a goodwill impairment charge of \$10 million in the fourth quarter of 2010.

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

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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 recognized impairment charges of \$3 million relating to radio FCC licenses in the fourth quarter of 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, 2010. However, there can be no assurance that future inflation would not have an adverse impact on our operating results and financial condition.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See pages F-1 through F-61.

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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, 2010.

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 & Pullen, 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, 2010. McGladrey & Pullen, LLP's report is included in this annual report below.

Remediation of Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

A material weakness in our internal control over accounting for the income tax provision existed as of December 31, 2009. During 2009, an error was identified in the Company's income tax benefit related to its valuation allowance for the year ended December 31, 2008, which error arose in the three-month period ended

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September 30, 2008. Correction of this control deficiency resulted in an audit adjustment to our income tax benefit and deferred tax assets and liabilities and a restatement of those accounts as of and for the year ended December 31, 2008 and as of and for the three- and nine-month periods ended September 30, 2008.

To address this material weakness, in the third quarter of 2010 management implemented a change in our internal control over financial reporting by engaging a national professional services firm with expertise in the preparation and review of corporate tax provisions to provide an external review of our tax provision before it is finalized. This firm conducted such a review for the three-month period ended September 30, 2010 and the year ended December 31, 2010, and will continue to provide such review services in future periods. This firm will also serve as a resource in the preparation of future quarterly and annual income tax provisions. We believe that this change has strengthened our internal control over financial reporting and remediated the material weakness we previously identified.

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.

Changes in Internal Control

There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2010 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, 2010, 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, 2010, 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 and cash flows, and our report dated March 11, 2011 expressed an unqualified opinion.

/s/ McGladrey & Pullen, LLP

Los Angeles, California

March 11, 2011

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ITEM 9B. OTHER INFORMATION

Not applicable.

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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 2011 Annual Meeting of Stockholders scheduled to be held on May 26, 2011. 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 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 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 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 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
2.1(1)	Asset Purchase Agreement dated as of July 25, 2005 by and among Entravision Holdings, LLC, Entravision Communications Corporation, Univision Radio License Corporation and Univision Communications Inc.
2.2(2)	Stock Purchase Agreement dated as of February 28, 2008 among Entravision Communications Corporation, Z-Spanish Media Corporation, Inc., Vista Media Group, Inc. and Lamar Advertising of Penn, LLC
3.1(3)	Second Amended and Restated Certificate of Incorporation

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3.2(4)	Third Amended and Restated Bylaws, as adopted on December 9, 2005
3.3(20)	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
10.3(5)	Form of Voting Agreement by and among Walter F. Ulloa, Philip C. Wilkinson, Paul A. Zevnik and the registrant
10.4(1)	Employment Agreement effective as of August 1, 2005 by and between the registrant and Walter F. Ulloa
10.5(1)	Employment Agreement effective as of August 1, 2005 by and between the registrant and Philip C. Wilkinson
10.6(23)	Employment Agreement effective as of January 1, 2010 by and between the registrant and Jeffery A. Liberman

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Exhibit Number	Exhibit Description
10.7(8)	Executive Employment Agreement effective as of December 1, 2005 by and between the registrant and John F. DeLorenzo
10.8(9)	Separation and Transition Agreement effective as of April 11, 2008 by and between the registrant and John F. DeLorenzo
10.9(9)	Executive Employment Agreement effective as of May 12, 2008 between the registrant and Christopher T. Young
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(12)	Limited Liability Company Agreement of Lotus/Entravision Reps LLC dated as of August 10, 2001
10.18(13)	Master Network Affiliation Agreement, dated as of August 14, 2002, by and between Entravision Communications Corporation and Univision Network Limited Partnership
10.19(13)	Master Network Affiliation Agreement, dated as of March 17, 2004, by and between Entravision Communications Corporation and TeleFutura
10.20(3)	2004 Equity Incentive Plan
10.21(14)	First Amendment, dated as of May 1, 2006, to 2004 Equity Incentive Plan
10.22(15)	Second Amendment, dated as of July 13, 2006, to 2004 Equity Incentive Plan
10.23(6)	Form of Stock Option Award under the 2004 Equity Incentive Plan
10.24(16)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.25(17)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.26(18)	Form of Restricted Stock Unit Award under the 2004 Equity Incentive Plan
10.27(19)	Summary of Non-Employee Director Compensation
10.28(21)	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
10.29(22)	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

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Exhibit Number	Exhibit Description
10.30(22)	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
10.31(22)	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
10.32(22)	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
10.33(22)	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 & Pullen LLP
23.2*	Consent of PricewaterhouseCoopers 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

* Filed herewith.

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 Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on March 17, 2008.
- (3) 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.
- (4) 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.
- (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 Annual Report on Form 10-K for the year ended December 31, 2006, filed with the SEC on March 15, 2007.

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- (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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, filed with the SEC on May 12, 2008.
- (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.
- (20) 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.
- (21) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on July 27, 2010.
- (22) Incorporated by reference from our Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2010.
- (23) Incorporated by reference from our Annual Report on Form 10-K, filed with the SEC on March 31, 2010.

(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 11, 2011

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
/s/ WALTER F. ULLOA Walter F. Ulloa	Chairman, Chief Executive Officer (principal executive officer) and Director	March 11, 2011
/s/ PHILIP C. WILKINSON Philip C. Wilkinson	President, Chief Operating Officer and Director	March 11, 2011
/s/ CHRISTOPHER T. YOUNG Christopher T. Young	Executive Vice President, Treasurer and Chief Financial Officer (principal financial officer and principal accounting officer)	March 11, 2011
/s/ PAUL A. ZEVNIK Paul A. Zevnik	Director	March 11, 2011

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/s/ DARRYL B. THOMPSON	Director	March 11, 2011
Darryl B. Thompson		
/s/ ESTEBAN E. TORRES	Director	March 11, 2011
Esteban E. Torres		
/s/ GILBERT R. VASQUEZ	Director	March 11, 2011
Gilbert R. Vasquez		

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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, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2010. Our audits also included the financial statement schedule of Entravision Communications Corporation listed in Item 15(a) for each of the two years ended December 31, 2010. 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, 2010 and 2009, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2010, 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, 2010, 2009, and 2008 which have been included in Note 16 to the consolidated financial statements taken as a whole. We were not engaged to audit, review or apply any procedures to the 2008 consolidated financial statements of the Company other than with respect to Note 16 and accordingly, we do not express an opinion or any form of assurance on the 2008 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, 2010, 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 11, 2011 expressed an unqualified opinion on the effectiveness of Entravision Communications Corporation's internal control over financial reporting.

/s/ McGladrey & Pullen, LLP

Los Angeles, California

March 11, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Entravision Communications Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1), before the inclusion of the Condensed Consolidating Financial Information presented in Note 16, present fairly, in all material respects, the results of operations and cash flows of Entravision Communications Corporation and its subsidiaries (the Company) for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America (the 2008 financial statements before the inclusion of the Condensed Consolidating Financial Information presented in Note 16 are not presented herein). In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) for the year ended December 31, 2008, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements before the inclusion of the Condensed Consolidating Financial Information presented in Note 16. 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 financial statement schedule based on our audit. We conducted our audit, before the inclusion of the Condensed Consolidating Financial Information described above, of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009, the Company has restated its 2008 consolidated financial statements and financial statement schedule to correct an error.

We were not engaged to audit, review, or apply any procedures with respect to the Condensed Consolidating Financial Information presented in Note 16 and accordingly, we do not express an opinion or any other form of assurance about the information included therein. The Condensed Consolidated Financial Information presented in Note 16 was audited by other auditors for all periods presented.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California

March 16, 2009, except for the effects of the restatement discussed in Note 2 to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009, as to which the date is March 31, 2010

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED BALANCE SHEETS****December 31, 2010 and 2009****(In thousands, except share and per share data)**

	December 31, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 72,390	\$ 27,666
Restricted cash	809	
Trade receivables, net of allowance for doubtful accounts of \$5,099 and \$5,105 (including related parties of \$5,315 and \$4,496)	41,552	44,674
Prepaid expenses and other current assets (including related parties of \$274 and \$274)	6,867	5,803
Total current assets	121,618	78,143
Property and equipment, net	71,777	80,446
Intangible assets subject to amortization, net (including related parties of \$25,880 and \$27,841)	26,615	28,757
Intangible assets not subject to amortization	220,023	246,199
Goodwill	35,912	45,845
Other assets	14,865	8,537
Total assets	\$ 490,810	\$ 487,927
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt (including related parties of \$1,000 and \$1,000)	\$ 1,000	\$ 1,000
Advances payable, related parties	118	118
Accounts payable and accrued expenses (including related parties of \$4,683 and \$4,262)	38,550	47,669
Total current liabilities	39,668	48,787
Long-term debt, less current maturities, net of bond discount of \$4,881 and \$0 (including related parties of \$0 and \$1,000)	395,119	362,949
Other long-term liabilities	10,294	12,258
Deferred income taxes	35,372	38,698
Total liabilities	480,453	462,692
Commitments and contingencies (note 9)		
Stockholders' equity		
Class A common stock, \$0.0001 par value, 260,000,000 shares authorized; shares issued and outstanding 2010 52,978,304; 2009 51,807,122	5	5
Class B common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2010 22,188,161; 2009 22,587,433	2	2
Class U common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2010 and 2009 9,352,729	1	1
Additional paid-in capital	941,171	937,963
Accumulated deficit	(930,822)	(912,736)

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Total stockholders' equity	10,357	25,235
Total liabilities and stockholders' equity	\$ 490,810	\$ 487,927

See Notes to Consolidated Financial Statements

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****Years ended December 31, 2010, 2009 and 2008****(In thousands, except share and per share data)**

	2010	2009	2008
Net revenue (including related parties of \$0, \$0, and \$182)	\$ 200,476	\$ 189,231	\$ 232,335
Expenses:			
Direct operating expenses (including related parties of \$10,857, \$8,105, and \$11,455) (including non-cash stock-based compensation of \$454, \$854 and \$633)	84,802	83,902	100,801
Selling, general and administrative expenses (including non-cash stock-based compensation of \$897, \$1,142, and \$794)	38,046	38,278	43,709
Corporate expenses (including non-cash stock-based compensation of \$1,619, \$2,038, and \$1,926)	18,416	14,918	17,117
Depreciation and amortization (includes direct operating of \$13,545, \$15,454, and \$18,344; selling, general and administrative of \$3,557, \$4,328, and \$3,991; and corporate of \$2,127, \$1,251, and \$1,077) (including related parties of \$3,211, \$2,320, and \$2,320)	19,229	21,033	23,412
Impairment charge	36,109	50,648	610,456
	196,602	208,779	795,495
Operating income (loss)	3,874	(19,548)	(563,160)
Interest expense (including related parties of \$83, \$118, and \$199)	(24,429)	(27,948)	(43,093)
Interest income	260	459	1,894
Gain (loss) on debt extinguishment	(987)	(4,716)	9,813
Income (loss) before income taxes	(21,282)	(51,753)	(594,546)
Income tax (expense) benefit	3,376	1,917	70,086
Income (loss) before equity in net income (loss) of nonconsolidated affiliate and discontinued operations	(17,906)	(49,836)	(524,460)
Equity in net income (loss) of nonconsolidated affiliate	(180)	(236)	(166)
Income (loss) from continuing operations	(18,086)	(50,072)	(524,626)
Income (loss) from discontinued operations, net of tax (expense) benefit of \$0, \$0, and (\$353)			(3,930)
Net income (loss) applicable to common stockholders	\$ (18,086)	\$ (50,072)	\$ (528,556)
Basic and diluted earnings per share:			
Income (loss) per share from continuing operations applicable to common stockholders, basic and diluted	\$ (0.21)	\$ (0.60)	\$ (5.79)
Income (loss) per share from discontinued operations, basic and diluted	\$	\$	\$ (0.04)

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Net income (loss) per share applicable to common stockholders, basic and diluted	\$ (0.21)	\$ (0.60)	\$ (5.84)
Weighted average common shares outstanding, basic and diluted	84,488,930	83,972,709	90,560,685

See Notes to Consolidated Financial Statements

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY****Years ended December 31, 2010, 2009 and 2008****(In thousands, except share data)**

	Number of Common Shares			Treasury Stock	Common Stock			Additional Paid-in Capital	Accumulated Deficit	Total
	Class A	Class B	Class U		Class A	Class B	Class U			
Balance, December 31, 2007	57,740,370	22,887,433	17,152,729	2,060,001	\$ 6	\$ 2	\$ 2	\$ 991,908	\$ (334,108)	\$ 657,810
Issuance of common stock upon exercise of stock options or awards of restricted stock units	38,000									
Issuance of common stock under employee stock purchase plan	182,318							785		785
Stock-based compensation expense, net								3,272		3,272
Repurchase of Class A common stock	(12,083,288)			12,083,288	(1)			(50,836)		(50,837)
Repurchase of Class U common stock			(1,500,000)					(10,380)		(10,380)
Retirement of treasury stock				(14,143,289)						
Net income (loss) for the year ended December 31, 2008									(528,556)	(528,556)
Balance, December 31, 2008	45,877,400	22,887,433	15,652,729		\$ 5	\$ 2	\$ 2	\$ 934,749	\$ (862,664)	\$ 72,094
Issuance of common stock upon exercise of stock options or awards of restricted stock units	54,200									
Issuance of common stock under employee stock purchase plan	508,202							255		255
Stock-based compensation expense, net								4,034		4,034
Repurchase of Class A common stock	(1,232,680)			1,232,680				(1,075)		(1,075)

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Retirement of treasury stock			(1,232,680)		(1)				(1)
Class B common stock exchanged for Class A common stock	300,000	(300,000)							
Class U common stock exchanged for Class A common stock	6,300,000	(6,300,000)							
Net income (loss) for the year ended December 31, 2009								(50,072)	(50,072)
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

See Notes to Consolidated Financial Statements

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS****Years ended December 31, 2010, 2009 and 2008****(In thousands)**

	2010	2009	2008
Cash flows from operating activities:			
Net income (loss)	\$ (18,086)	\$ (50,072)	\$ (528,556)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	19,229	21,033	23,412
Impairment charge	36,109	50,648	610,456
Deferred income taxes	(4,342)	(2,351)	(71,571)
Amortization of debt issue costs	1,140	402	459
Amortization of syndication contracts	1,159	1,981	2,883
Payments on syndication contracts	(2,724)	(2,836)	(2,840)
Equity in net (income) loss of nonconsolidated affiliate	180	236	166
Non-cash stock-based compensation	2,970	4,034	3,353
(Gain) loss on debt extinguishment	934	945	(9,813)
Reserve for note receivable	3,018		
Change in fair value of interest rate swap agreements	(12,188)	(6,979)	11,648
Changes in assets and liabilities, net of effect of acquisitions and dispositions:			
(Increase) decrease in restricted cash	(809)		
(Increase) decrease in accounts receivable	2,091	570	11,156
(Increase) decrease in prepaid expenses and other assets	310	(484)	803
Increase (decrease) in accounts payable, accrued expenses and other liabilities	8,134	1,662	(6,065)
Effect of discontinued operations			(1,273)
Net cash provided by (used in) operating activities	37,125	18,789	44,218
Cash flows from investing activities:			
Proceeds from sale of property and equipment and intangibles		122	101,498
Purchases of property and equipment and intangibles	(8,650)	(10,965)	(16,873)
Purchase of a business			(22,885)
Deposits on acquisitions			(200)
Effect of discontinued operations			(194)
Net cash provided by (used in) investing activities	(8,650)	(10,843)	61,346
Cash flows from financing activities:			
Proceeds from issuance of common stock	239	255	785
Payments on long-term debt	(362,949)	(42,572)	(67,702)
Termination of swap agreements	(4,039)		
Repurchase of Class U common stock			(10,380)
Repurchase of Class A common stock		(1,075)	(50,837)
Proceeds from borrowings on long-term debt	394,888		
Excess tax benefits from exercise of stock options			(81)
Payments of capitalized debt offering costs	(11,890)	(1,182)	
Net cash provided by (used in) financing activities	16,249	(44,574)	(128,215)

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Net increase (decrease) in cash and cash equivalents	44,724	(36,628)	(22,651)
Cash and cash equivalents:			
Beginning	27,666	64,294	86,945
Ending	\$ 72,390	\$ 27,666	\$ 64,294
Supplemental disclosures of cash flow information:			
Cash payments for:			
Interest	\$ 30,805	\$ 31,739	\$ 32,098
Income taxes	\$ 966	\$ 434	\$ 1,566
Supplemental disclosures of non-cash investing and financing activities:			
Consolidation of television assets in the Reno, Nevada market	\$	\$	\$ 3,800

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, individually and collectively, the Company) is a diversified Spanish-language media company utilizing a combination of television and radio operations to reach Hispanic consumers in the United States. The Company's management has determined that the Company operates in two reportable segments as of December 31, 2010, based upon the type of advertising medium, which consist of television broadcasting and radio broadcasting. As of December 31, 2010, the Company owns and/or operates 53 primary television stations located primarily in the southwestern United States, consisting primarily of Univision Communications Inc. (Univision) affiliated stations. Radio operations consist of 48 operational radio stations, 37 FM and 11 AM, in 19 markets located primarily in the southwestern United States.

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.

Discontinued Operations

The Company sold the outdoor advertising business in May 2008 and no longer has outdoor operations. In accordance with ASC 205-20, Discontinued Operations, the Company has reported the results of its outdoor advertising operations for all periods in discontinued operations within the consolidated statements of operations. In the statements of cash flows, the cash flows of discontinued operations have been reclassified for all periods presented and are separately classified within the respective categories with those of continuing operations.

Investment in Nonconsolidated Affiliates

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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

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, 2010 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, 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.

Restricted Cash

As of December 31, 2010, the Company's balance sheet includes \$0.8 million in restricted cash, which was used as temporary collateral for the Company's \$0.8 million letters of credit. These funds were segregated from the Company's operating cash account.

Long-lived Assets, Other Assets and Assets Held for Sale, Including 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. Depreciation is not recorded for assets once the assets are classified as assets held for sale.

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 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

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

Goodwill

The Company believes that the accounting estimates related to the fair value of its reporting units and indefinite life intangible assets and its estimates of the useful lives of its long-lived assets are critical accounting estimates because: (1) goodwill and other intangible assets are its most significant assets, and (2) the impact that recognizing an impairment would have on the assets reported on the balance sheet, as well as on the 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. 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 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

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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.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 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, 2010, 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 \$2.9 million, \$2.9 million and \$1.6 million for the years ended December 31, 2010, 2009 and 2008,

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

respectively. The net charge off of bad debts aggregated \$4.1 million, \$3.6 million and \$1.8 million for the years ended December 31, 2010, 2009 and 2008, 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. Due to extreme volatility caused by the continuing global financial crisis and ongoing recession, the Company could be at risk should any of these entities encounter difficulties of their own, which could make it harder or impossible for them 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.

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, 2010 and 2009, the fair value of the Company's long-term debt was approximately \$428.0 million and \$361.7 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 amount of the Company's 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.

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

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.

ASC 820, Fair Value Measurements and Disclosures, requires the Company to recognize all of its derivative instruments as either assets or liabilities in the 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. For all derivative instruments held in 2010, 2009 and 2008 the derivative instruments were not designated for hedge accounting treatment, and as a result, changes in their fair values have been recorded in earnings. The Company's current policy prohibits entering into derivative instruments for speculation or trading purposes.

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

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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.

Advertising Costs

Amounts incurred for advertising costs with third parties are expensed as incurred. Advertising expense totaled approximately \$0.3 million, \$0.3 million and \$0.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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.

In August 2008, the Company entered into an agreement with Univision, (Proxy), 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 TeleFutura-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 TeleFutura-affiliated television station signals. Revenue for the carriage of the Company's Univision- and TeleFutura-affiliated television station

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 TeleFutura-affiliated television station signals is recognized at the time of broadcast. Retransmission consent revenue was \$13.7 million and \$9.5 million for the years ended December 31, 2010 and 2009.

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 \$1.0 million, \$1.0 million and \$1.5 million for the years ended December 31, 2010, 2009 and 2008, respectively. Trade costs were approximately \$1.0 million, \$1.1 million and \$1.4 million for the years ended December 31, 2010, 2009 and 2008, 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 and employee stock purchases under the 2001 Employee Stock Purchase Plan (the *Purchase Plan*) based on estimated fair values.

ASC 718 requires companies to estimate the fair value of stock-based awards on the date of grant using an option pricing model. 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-based awards. 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-based awards.

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.

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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, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Basic and diluted earnings per share:			
Numerator:			
Income (loss) from continuing operations	\$ (18,086)	\$ (50,072)	\$ (524,626)
Income (loss) from discontinued operations			(3,930)
Net income (loss) applicable to common stockholders	\$ (18,086)	\$ (50,072)	\$ (528,556)
Denominator:			
Weighted average common shares outstanding, basic and diluted	84,488,930	83,972,709	90,560,685
Per share:			
Income (loss) per share from continuing operations	\$ (0.21)	\$ (0.60)	\$ (5.79)
Income (loss) per share from discontinued operations			(0.04)
Net income (loss) per share applicable to common stockholders	\$ (0.21)	\$ (0.60)	\$ (5.84)

Basic earnings per share is computed as net 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, restricted stock units and convertible securities.

For the years ended December 31, 2010, 2009 and 2008, dilutive securities have been excluded, as their inclusion would have had an antidilutive effect on loss per share. 813,108, 314,575 and 214,276 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, 2010, 2009 and 2008.

Comprehensive Income

For the years ended December 31, 2010, 2009 and 2008, the Company had no components of comprehensive income.

Recently Issued Accounting Pronouncements

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU 2009-13). ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how arrangement consideration shall be measured and allocated to the separate units of accounting in the arrangement. ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosures relating to transfers in and out of

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Level 1 and Level 2 fair value measurements, levels of disaggregation, and valuation techniques. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010.

In December 2010, the FASB issued ASU No. 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (ASU 2010-28). ASU 2010-28 modifies step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations* (ASU 2010-29). ASU 2010-29 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

3. ACQUISITIONS AND DISPOSITIONS

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.

2009 Acquisition

In April 2009, the Company acquired the assets of television station KREN-TV, serving the Reno, Nevada market, which was consolidated as a variable interest entity in December 2008, for approximately \$4.3 million. The Company reduced the carrying value of the assets of television station KREN-TV to its fair value of \$1.6 million by recording a carrying value adjustment of \$2.7 million. This charge is included in the consolidated statements of operations for continuing operations.

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

The Company evaluated the transferred set of activities, assets, inputs and processes applied to those inputs in this acquisition and determined that the acquisition did not constitute a business.

2008 Acquisition

In March 2008, the Company completed the acquisition of the net assets of radio station WNUE-FM in Orlando, Florida, which was consolidated as a variable interest entity in December 2007, for \$24.1 million.

The Company evaluated the transferred set of activities, assets, inputs, outputs, and processes in this acquisition and determined that the acquisition did constitute a business.

Purchase Price Allocations of Acquisitions

The following is a summary of the purchase price allocation for the Company's 2009 and 2008 acquisitions of assets (in millions):

	2009	2008
Property and equipment	\$ 1.4	\$ 1.0
Intangible assets subject to amortization	0.1	0.4
Goodwill		11.2
Intangible assets not subject to amortization (FCC licenses)	0.1	11.5
	\$ 1.6	\$ 24.1

Discontinued Operations

In May 2008, the Company sold the outdoor advertising business to Lamar Advertising Co. for \$101.5 million. The Company reviewed the portfolio of media properties and decided to sell its outdoor advertising business as it was a non-core business where the opportunity to grow to scale was limited. The Company decided that the net proceeds of the sale would improve financial flexibility, including debt and stock repurchases.

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As a result of the disposition, the Company no longer has outdoor advertising operations. In accordance with ASC 205-20, Discontinued Operations, the financial statements reflect the outdoor segment as discontinued operations; the Company has presented the related net assets and liabilities as assets held for sale and reclassified the related revenue and expenses as discontinued operations.

Summarized financial information in the consolidated statements of operations for the discontinued outdoor operations for the year ended December 31, 2008 is as follows (in thousands):

	2008
Net revenue	\$ 13,730
Loss before income taxes	(3,577)
Income tax (expense) benefit	(353)
Loss from discontinued operations, net of tax	\$ (3,930)

In presenting discontinued operations, corporate overhead expenses have not been allocated consistent with historical outdoor segment presentation.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. GOODWILL AND OTHER INTANGIBLE ASSETS**

The carrying amount of goodwill for each of the Company's operating segments for the years ended December 31, 2010 and 2009 is as follows (in thousands):

	Television	Radio	Total
December 31, 2009	\$ 35,912	\$ 9,933	\$ 45,845
Goodwill impairment		(9,933)	(9,933)
December 31, 2010	\$ 35,912	\$	\$ 35,912

The composition of the Company's acquired intangible assets and the associated accumulated amortization as of December 31, 2010 and 2009 is as follows (in thousands):

	Weighted average remaining life in years	Gross Carrying Amount	2010 Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	2009 Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:							
Television network affiliation agreements	11	\$ 63,839	\$ 37,959	\$ 25,880	\$ 62,591	\$ 34,749	\$ 27,842
Customer base		201	201		201	201	
Other	24	25,155	24,420	735	25,148	24,233	915
Total intangible assets subject to amortization		\$ 89,195	\$ 62,580	26,615	\$ 87,940	\$ 59,183	28,757
Intangible assets not subject to amortization:							
FCC licenses				220,023			246,199
Total intangible assets				\$ 246,638			\$ 274,956

The aggregate amount of amortization expense for the years ended December 31, 2010, 2009 and 2008 was approximately \$3.4 million, \$2.6 million and \$3.6 million, respectively. Estimated amortization expense for each of the years ended December 31, 2011 through 2015 is as follows (in thousands):

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Estimated Amortization Expense	Amount
2011	\$ 2,800
2012	2,300
2013	2,300
2014	2,300
2015	2,300

2010 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.

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

The Company conducted a review of the fair value of the radio reporting unit in 2010. 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 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 radio reporting unit's fair value was less than its carrying value. As a result, the Company recognized impairment losses of \$10 million relating to goodwill.

The Company also conducted a review of the fair value of the television reporting unit estimated fair value. The estimated fair value of the television reporting unit was greater than its carrying values so the reporting unit passed the first step of the goodwill impairment test 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 2010. 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 recognized impairment losses of \$24 million relating to television FCC licenses and \$3 million relating to radio FCC licenses.

2009 Impairment

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The Company conducted a review of the fair value of the television and radio FCC licenses in 2009. The estimated fair value of indefinite life intangible assets is determined by an income approach. The income

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

approach estimates fair value based on the estimated future cash flows of each market cluster, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. 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. Based on the assumptions and estimates described above, the Company recognized impairment losses of \$48 million relating to radio FCC licenses.

The Company conducted a review of the fair value of the television and radio reporting unit's estimated fair values. The estimated fair values of the television and radio reporting units were greater than their respective carrying values so the reporting units passed the first step of the goodwill impairment test and no impairment of goodwill was recorded.

2008 Impairment

The Company conducted a review of the fair value of the radio reporting unit in 2008. The fair value was primarily determined by evaluating discounted cash flow models and a market-based approach. The assumptions in the models were based on the reporting unit's projected ability to generate cash flows in various cities or nearby cities, which the Company refers to as market clusters, based on signal coverage of the markets. The fair value of the reporting unit and the FCC licenses contains significant assumptions incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a market. These variables would include the forecasted growth rate of each radio market, including population, household income, retail sales and other expenditures that would influence advertising expenditures, market share and profit margin of an average station within a market, estimated capital start-up costs and losses incurred during the early years, risk-adjusted discount rate based on the risk inherent in the future cash flows and the likely media competition within the market area. The market-based approach used comparable company earnings multiples. Based on the assumptions and projections, the radio reporting unit's fair value was less than its carrying value. As a result, the Company recognized impairment losses of \$133 million relating to goodwill and \$413 million relating to FCC licenses in the radio reporting unit.

The Company conducted a review of the fair value of the television reporting unit in 2008. The fair value was primarily determined by evaluating discounted cash flow models and a market-based approach. The assumptions in the models were based on the market clusters' projected ability to generate cash flows in various cities or nearby cities based on signal coverage of the markets. The fair value of the reporting unit and the FCC licenses contains significant assumptions incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a market. These variables would include the forecasted growth rate of each television market, including population, household income, retail sales and other expenditures that would influence advertising expenditures, market share and profit margin of an average station within a market, estimated capital start-up costs and losses incurred during the early years, risk-adjusted discount rate based on the risk inherent in the future cash flows and the likely media competition within the market area. The market-based approach used comparable company earnings multiples. Based on the assumptions and projections, the television reporting unit's fair value was greater than its carrying value and goodwill for this reporting unit was not impaired. As a result, the Company recognized impairment losses of \$59 million relating to FCC licenses and \$5 million relating to syndicated programming in the television reporting unit.

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

Property and equipment as of December 31, 2010 and 2009 consists of (in millions):

	Estimated useful life (years)	2010	2009
Buildings	39	\$ 18.5	\$ 18.4
Construction in progress		1.3	1.5
Transmission, studio and other broadcast equipment	5-15	151.6	159.7
Office and computer equipment	3-7	21.2	22.5
Transportation equipment	5	6.0	6.0
Leasehold improvements and land improvements	Lesser of lease life or useful life	20.2	20.3
		218.8	228.4
Less accumulated depreciation		154.4	155.4
		64.4	73.0
Land		7.4	7.4
		\$ 71.8	\$ 80.4

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of December 31, 2010 and 2009 consist of (in millions):

	2010	2009
Accounts payable	\$ 3.3	\$ 2.6
Accrued payroll and compensated absences	4.0	3.4
Professional fees	1.2	1.2
Accrued interest	15.1	9.3
Deferred revenue	2.6	2.5
Accrued national representation fees	2.4	2.0
Fair value of interest rate swap agreements		16.2
Other	9.9	10.5

\$ 38.5 \$ 47.7

7. LONG-TERM DEBT

Long-term debt as of December 31, 2010 and 2009 is summarized as follows (in millions):

	2010	2009
Notes, net of discount of \$4.9 million	\$ 395.1	
Syndicated bank credit facility		\$ 361.9
Time brokerage contract payable, due in annual installments of \$1 million bearing interest at 5.806% through June 2011	1.0	2.0
	396.1	363.9
Less current maturities	1.0	1.0
	\$ 395.1	\$ 362.9

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

The scheduled maturities of long-term debt as of December 31, 2010 are as follows (in millions):

Year	Amount
2011	\$ 1.0
2012	
2013	
2014	
2015	
Thereafter	400.0
	\$ 401.0

For the year ended December 31, 2010, the Company recognized an increase of \$0.2 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 of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. The Company received net proceeds of approximately \$388 million from the sale of the Notes (net of bond discount of \$5 million and fees of \$7 million), which were used to pay all indebtedness outstanding under the previous syndicated bank credit facility, terminate the related interest rate swap agreements, pay fees and expenses related to the offering of the Notes and for general corporate purposes.

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

The carrying amount and estimated fair value of the Notes as of December 31, 2010 was \$395.1 million and \$428.0 million, respectively. The estimated fair value is based on quoted market prices for the Notes.

2010 Credit Facility

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

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

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

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

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

incur additional indebtedness;

incur liens on the property or assets of the Company and the Guarantors;

dispose of certain assets;

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

consummate any merger, consolidation or sale of substantially all assets;

make certain restricted payments;

restrict dividends or other payments from subsidiaries;

enter into, amend, renew or extend transactions and agreements with affiliates;

make certain investments;

enter new lines of business; and

amend the Company's organizational documents or those of any Guarantor in any materially adverse way to the lenders.

Syndicated Bank Credit Facility

In July 2010, the Company repaid all amounts outstanding under the 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 a \$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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

On March 16, 2009, the Company entered into an amendment to the 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.

The Company recorded a loss on debt extinguishment of \$4.7 million for fees, unamortized finance costs and interest rate swap agreement termination costs associated with the amendment to the syndicated bank credit facility during the year ended December 31, 2009.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****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 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. For the year ended December 31, 2009, the Company recognized a decrease of \$7.0 million in interest expense related to the increase in fair value of the interest rate swap agreements. For the year ended December 31, 2008, the Company recognized an increase of \$11.6 million in interest expense related to the decrease in fair value of the interest rate swap agreements.

The fair value of the interest rate swap agreements as of December 31, 2009 was as follows (in millions):

Derivatives Not Designated As

Hedging Instruments	Balance Sheet Location	December 31, 2009 Fair Value
Interest rate swap agreements	Accounts payable and accrued expenses	\$ 16.2

The following table presents the effect of the interest rate swap agreements on the consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008 (in millions):

Derivatives Not Designated As

Hedging Instruments	Location of Income (Loss)	December 31,		
		2010	2009	2008
Interest rate swap agreements	Interest expense	\$ 13.4	\$ 7.0	\$ (11.6)

Fair Value Measurements

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ASC 820, Fair Value Measurements and Disclosures, defines and establishes a framework for measuring fair value and expands disclosures about fair value measurements. In accordance with ASC 820, the Company has categorized its financial 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 Financial 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 Financial 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 Financial 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.

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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 financial liabilities measured at fair value on a recurring basis, based on the fair value hierarchy as of December 31, 2009 (in millions):

	December 31, 2009 Level 2
Liabilities	
Interest rate swap agreements	\$ 16.2

The fair values of the interest rate swap agreements represented the present value of expected future cash flows estimated to be received from or paid to a marketplace participant in settlement of these instruments. They were valued using inputs including broker/dealer quotes, adjusted for non-performance risk, based on valuation models that incorporate observable market information and were classified within Level 2 of the fair value hierarchy.

In 2009, the Company adopted ASC 820 related to the accounting and disclosure of fair value measurements for nonfinancial assets and liabilities. 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 and 2009 (in millions):

	Level 3	
Nonfinancial Assets	2010	2009
Intangible assets not subject to amortization (FCC licenses)	\$ 67.8	\$ 97.5

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. In 2009, the Company wrote down its radio FCC licenses with carrying amounts of \$145.4 million to their fair values of \$97.5 million and as a result, recognized impairment losses of \$47.9 million, which the Company included in impairment charge on the consolidated statements of operations for the year ended December 31, 2009. 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, 2010, 2009 and 2008 (in millions):

	2010	2009	2008
Current			
Federal	\$ (1.1)	\$	\$
State	0.1	1.0	0.7
Foreign	0.3	0.2	0.4
	(0.7)	1.2	1.1
Deferred			
Federal	(2.8)	(2.2)	(54.3)
State	0.1	(0.9)	(16.9)
	(2.7)	(3.1)	(71.2)
Total provision for taxes	\$ (3.4)	\$ (1.9)	\$ (70.1)

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, 2010, 2009 and 2008 due to the following (in millions):

	2010	2009	2008
Computed expected tax provision (benefit)	\$ (7.4)	\$ (17.7)	\$ (202.1)
Change in income tax resulting from:			
State taxes, net of federal benefit	0.1		(9.9)
Goodwill impairment	2.9		38.4
Change in valuation allowance	1.0	15.5	103.9
FIN 48 adjustment	(0.4)		
Other	0.4	0.3	(0.4)
	\$ (3.4)	\$ (1.9)	\$ (70.1)

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The components of the deferred tax assets and liabilities at December 31, 2010 and 2009 consist of the following (in millions):

	2010	2009
Deferred tax assets:		
Accrued expenses	\$ 3.1	\$ 2.5
Accounts receivable	3.1	2.0
Net operating loss carryforward	85.4	71.8
Stock-based compensation	4.3	5.3
Capital loss in investment in a domestic subsidiary	10.3	10.5
Intangible assets	48.2	57.7
Fair value of interest rate swap agreements		6.4
Credits	1.0	2.2
Other	4.3	2.7
	159.7	161.1
Valuation allowance	(142.6)	(143.1)
Net deferred tax assets	\$ 17.1	\$ 18.0
Deferred tax liabilities:		
Non-long lived intangible assets	\$ (4.5)	\$ (4.9)
Long-lived Intangible assets	(37.9)	(42.0)
Property and equipment	(3.8)	(3.9)
Deferred state taxes	(5.7)	(4.7)
	(51.9)	(55.5)
	\$ (34.8)	\$ (37.5)

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

	2010	2009
Prepaid expenses and other current assets	\$ 0.6	\$ 1.2
Deferred income taxes	(35.4)	(38.7)
	\$ (34.8)	\$ (37.5)

As of December 31, 2010, the Company has federal and state net operating loss carryforwards of approximately \$231.3 and \$138.1 million, respectively, available to offset future taxable income. The net operating loss carryforwards will continue to expire during the years 2011

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through 2030. The excess tax benefits associated with the exercise of non-qualified stock options and restricted stock grants in the approximate amount of \$1.6 million and \$0.5 million for federal and state, respectively, are not included in the deferred tax asset relating to net operating loss carryforwards, but are included with the federal and state net operating loss carryforwards disclosed in this footnote.

For the years ended December 31, 2010 and 2009, the Company had a valuation allowance of \$142.6 million and \$143.1 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, 2010, 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

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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.

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, 2008	\$ 6.7
Change in balances related to tax positions	0.1
Balance at December 31, 2009	\$ 6.8
Change in balances related to tax positions	(0.4)
Balance at December 31, 2010	\$ 6.4

As of December 31, 2010, 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 change in 2010 is due to a change in estimates.

The Company does not anticipate that the amount of unrecognized tax benefits as of December 31, 2010 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, 2010, the Company had no 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 2006 to 2010 and 2005 to 2010 remain open to examination by federal and state taxing jurisdictions, respectively, and the tax years 2000 to 2009 remain open to examination by foreign jurisdiction. Net operating losses from years from which the statute of limitations have expired (2005 and prior for federal and 2004 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 & 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 \$36.4 million. The annual commitments range from \$5.9 million to \$11.7 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.

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

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 expiring in 2012. 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, 2010 are as follows (in millions):

	Amount
2011	\$ 8.0
2012	6.7
2013	5.6
2014	5.5
2015	5.1
Thereafter	20.3
	\$ 51.2

Total rent expense under operating leases, including rent under month-to-month arrangements, was approximately \$10.4 million, \$10.2 million and \$10.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Employment Agreements

The Company has entered into employment agreements (the "Agreements") with two executive officers, who are also stockholders and directors, through December 2010. The Agreements provide that a minimum annual base salary and a bonus be paid to each of the executives. The company accrued a total of \$0.3 million of bonuses payable to these executives for the year ended December 31, 2010. The Company did not pay bonuses to these two executive for the years ended December 31, 2009 and 2008. Additionally, the Agreements provide for a continuation of each 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 Agreements.

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

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ENTRAVISION COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 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.

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. The Company completed this repurchase program in the second quarter of 2008. The Company repurchased a total of 13.0 million shares of Class A common stock for \$100 million.

On April 7, 2008, the Company's Board of Directors approved an additional 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 purchases. As of December 31, 2008, the Company repurchased approximately 7.4 million shares at an average price of \$2.67 for an aggregate purchase price of approximately \$19.8 million. The Company repurchased an additional 0.4 million shares of its outstanding Class A common stock at an average price of \$1.47 for an aggregate purchase price of approximately \$0.5 million during the year ended December 31, 2009.

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, 2010.

On October 4, 2007, the Company's Board of Directors approved the retirement of 6.3 million shares of repurchased Class A common stock. On December 31, 2008, the Company's Board of Directors approved the retirement of 14.1 million shares of repurchased Class A common stock. On December 31, 2009, the Company's Board of Directors approved the retirement of 1.2 million shares of repurchased Class A common stock.

11. EQUITY INCENTIVE PLANS

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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.

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

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

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, 2010, 2009, and 2008 was insignificant.

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, 2010	Year Ended December 31, 2009
Fair value of options granted	\$ 2.10	\$ 1.20
Expected volatility	79%	80%
Risk-free interest rate	2.8%	2.9%
Expected lives	7.0 years	7.0 years
Dividend rate		

There were no stock option grants during the year ended December 31, 2008.

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

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, 2007	8,528	\$ 11.04		
Granted				
Exercised				
Forfeited or cancelled	(220)	10.27		
Outstanding at December 31, 2008	8,308	\$ 11.06		
Granted	2,394	\$ 1.62		
Exercised				
Forfeited or cancelled	(533)	9.96		
Outstanding at December 31, 2009	10,169	\$ 8.90		
Granted	200	\$ 2.87		
Exercised	(138)	1.73		
Forfeited or cancelled	(2,375)	14.68		
Outstanding at December 31, 2010	7,856	\$ 7.12	4.60	\$ 2,045
Exercisable at December 31, 2010	6,967	\$ 7.77	4.07	\$ 1,467
Expected to Vest at December 31, 2010	840	\$ 1.99	8.78	\$ 547

Stock-based compensation expense related to the Company's employee stock option plans was \$1.4 million, \$1.2 million and \$0.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As of December 31, 2010, there was approximately \$0.5 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 0.9 years.

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****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, 2007	1,140	\$ 8.19
Granted	746	5.96
Vested	(38)	7.43
Forfeited or cancelled	(108)	7.92
Nonvested balance at December 31, 2008	1,740	\$ 7.27
Granted		
Vested	(54)	7.93
Forfeited or cancelled	(446)	6.10
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

Stock-based compensation expense related to grants of restricted stock and restricted stock units was \$1.6 million, \$2.8 million and \$3.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As of December 31, 2010, there was approximately \$1.6 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 1.3 years.

12. RELATED-PARTY TRANSACTIONS

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 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.

At December 31, 2010 Univision owns approximately 10% of the Company's common stock on a fully-converted basis.

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

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

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

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 an agreement with Univision pursuant to which it granted Univision the right to negotiate the terms of agreements providing for the carriage of the Company's Univision- and TeleFutura-affiliated television station signals by 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 TeleFutura-affiliated television station signals.

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.

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

	Univision		Other		Total	
	2010	2009	2010	2009	2010	2009
Trade receivables	\$ 5,315	\$ 4,496	\$	\$	\$ 5,315	\$ 4,496
Other current assets			274	274	274	274
Intangible assets subject to amortization, net	25,880	27,841			25,880	27,841
Current maturities on long-term debt			1,000	1,000	1,000	1,000
Advances payable			118	118	118	118
Accounts payable	3,898	3,587	785	675	4,683	4,262
Long-term debt, less current maturities	\$	\$	\$	\$ 1,000	\$	\$ 1,000

	Univision			Other			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Net revenue	\$	\$	\$ 182	\$	\$	\$	\$	\$	\$ 182
Direct operating expenses (1)	8,803	6,584	9,465	2,054	1,521	1,990	10,857	8,105	11,455
Amortization	3,211	2,320	2,320				3,211	2,320	2,320
Interest expense	\$	\$	\$	\$ 83	\$ 118	\$ 199	\$ 83	\$ 118	\$ 199

(1) Consists primarily of national representation fees paid to Univision and Lotus/Entravision Reps LLC.

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, 2010, 2009 and 2008 these balances totaled \$2.4 million, \$2.6 million and \$2.4 million, respectively.

13. LITIGATION

The Company is subject to various outstanding claims and other legal proceedings that arose 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.

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****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, 2010, 2009 and 2008. There was approximately \$11.4 million and \$18.0 million of assets in Mexico at December 31, 2010 and 2009, respectively.

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	% Change
	2010	2009	2008	2010 to 2009	2009 to 2008
Net Revenue					
Television	\$ 132,561	\$ 124,437	\$ 145,938	7%	(15)%
Radio	67,915	64,794	86,397	5%	(25)%
Consolidated	200,476	189,231	232,335	6%	(19)%
Direct operating expenses					
Television	52,882	52,424	64,095	1%	(18)%
Radio	31,920	31,478	36,706	1%	(14)%
Consolidated	84,802	83,902	100,801	1%	(17)%
Selling, general and administrative expenses					
Television	20,249	20,279	22,120	(0)%	(8)%
Radio	17,797	17,999	21,589	(1)%	(17)%
Consolidated	38,046	38,278	43,709	(1)%	(12)%
Depreciation and amortization					
Television	15,489	15,680	17,824	(1)%	(12)%
Radio	3,740	5,353	5,588	(30)%	(4)%
Consolidated	19,229	21,033	23,412	(9)%	(10)%
Segment operating profit					
Television	43,941	36,054	41,899	22%	(14)%
Radio	14,458	9,964	22,514	45%	(56)%

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Consolidated	58,399	46,018	64,413	27%	(29)%
Corporate expenses	18,416	14,918	17,117	23%	(13)%
Impairment charge	36,109	50,648	610,456	(29)%	(92)%
Operating income (loss)	\$ 3,874	\$ (19,548)	\$ (563,160)	*	(97)%
Capital expenditures					
Television	\$ 6,196	\$ 5,839	\$ 13,329		
Radio	981	1,122	3,531		
Consolidated	\$ 7,177	\$ 6,961	\$ 16,860		
Total assets					
Television	\$ 367,474	\$ 348,191	\$ 396,231		
Radio	123,336	139,736	196,752		
Consolidated	\$ 490,810	\$ 487,927	\$ 592,983		

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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, 2010 and 2009 (in thousands, except per share data):

Year ended December 31, 2010:	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (1)	Total
Net revenue	\$ 43,073	\$ 53,431	\$ 53,325	\$ 50,647	\$ 200,476
Net income (loss) applicable to common stockholders	(2,184)	6,963	6,408	(29,273)	(18,086)
Net income (loss) per share, basic and diluted	\$ (0.03)	\$ 0.08	\$ 0.08	\$ (0.35)	\$ (0.21)

Year ended December 31, 2009:	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (2)	Total
Net revenue	\$ 41,715	\$ 48,696	\$ 50,754	\$ 48,066	\$ 189,231
Net income (loss) applicable to common stockholders	(14,494)	(1,827)	673	(34,424)	(50,072)
Net income (loss) per share, basic and diluted	\$ (0.17)	\$ (0.02)	\$ 0.01	\$ (0.41)	\$ (0.60)

- (1) During the fourth quarter of 2010 the Company recorded an impairment charge of \$36.1 million relating to goodwill and FCC licenses (see Note 4)
- (2) During the fourth quarter of 2009 the Company recorded an impairment charge of \$47.9 million relating to FCC licenses (see Note 4).

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, 2010 and 2009 and the related consolidating statements of operations and cash flows are presented for each of the three years ended December 31, 2010. 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, 2010****(In thousands)**

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

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Accumulated deficit	(930,822)	(651,221)	7,486	643,735	(930,822)
Total stockholders' equity	10,357	152,755	20,138	(172,893)	10,357
Total liabilities and stockholders' equity	\$ 476,802	\$ 177,584	\$ 20,873	\$ (184,449)	\$ 490,810

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Balance Sheet****December 31, 2009****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 27,260	\$	\$ 406	\$	\$ 27,666
Trade receivables, net of allowance for doubtful accounts	44,384		290		44,674
Prepaid expenses and other current assets	5,558		245		5,803
Total current assets	77,202		941		78,143
Property and equipment, net	77,323		3,123		80,446
Intangible assets subject to amortization, net	28,757				28,757
Intangible assets not subject to amortization	40,798	192,952	12,449		246,199
Goodwill	44,851		994		45,845
Investment in subsidiaries	190,131			(190,131)	
Other assets	8,055		9,161	(8,679)	8,537
Total assets	\$ 467,117	\$ 192,952	\$ 26,668	\$ (198,810)	\$ 487,927
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities					
Current maturities of long-term debt	\$ 1,000	\$	\$	\$	\$ 1,000
Advances payable, related parties	118				118
Accounts payable and accrued expenses	55,818		530	(8,679)	47,669
Total current liabilities	56,936		530	(8,679)	48,787
Long-term debt, less current maturities	362,949				362,949
Other long-term liabilities	12,258				12,258
Deferred income taxes	9,739	28,054	905		38,698
Total liabilities	441,882	28,054	1,435	(8,679)	462,692
Stockholders' Equity					
Class A common stock	5				5
Class B common stock	2				2
Class C common stock	1				1
Members' capital		803,976	12,652	(816,628)	
Additional paid-in capital	937,963				937,963
Accumulated deficit	(912,736)	(639,078)	12,581	626,497	(912,736)

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Total stockholders' equity	25,235	164,898	25,233	(190,131)	25,235
Total liabilities and stockholders' equity	\$ 467,117	\$ 192,952	\$ 26,668	\$ (198,810)	\$ 487,927

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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 non consolidated 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 Operations****Year Ended December 31, 2009****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 187,796	\$	\$ 3,273	\$ (1,838)	\$ 189,231
Expenses:					
Direct operating expenses	84,495		1,245	(1,838)	83,902
Selling, general and administrative expenses	37,706		572		38,278
Corporate expenses	14,918				14,918
Depreciation and amortization	20,294		739		21,033
Impairment charge	2,720	47,928			50,648
	160,133	47,928	2,556	(1,838)	208,779
Operating income (loss)	27,663	(47,928)	717		(19,548)
Interest expense	(27,948)				(27,948)
Interest income	459				459
Loss on debt extinguishment	(4,716)				(4,716)
Income (loss) before income taxes	(4,542)	(47,928)	717		(51,753)
Income tax benefit (expense)	(2,391)	4,692	(384)		1,917
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate	(6,933)	(43,236)	333		(49,836)
Equity in income (loss) of subsidiaries	(42,903)			42,903	
Income (loss) before equity in net loss of nonconsolidated affiliates	(49,836)	(43,236)	333	42,903	(49,836)
Equity in net loss of nonconsolidated affiliates	(236)				(236)
Net income (loss) applicable to common stockholders	\$ (50,072)	\$ (43,236)	\$ 333	\$ 42,903	\$ (50,072)

Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Operations****Year Ended December 31, 2008****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net revenue	\$ 229,538	\$	\$ 5,055	\$ (2,258)	\$ 232,335
Expenses:					
Direct operating expenses	101,191		1,868	(2,258)	100,801
Selling, general and administrative expenses	43,036		673		43,709
Corporate expenses	17,117				17,117
Depreciation and amortization	22,734		678		23,412
Impairment charge	138,380	472,076			610,456
	322,458	472,076	3,219	(2,258)	795,495
Operating income (loss)	(92,920)	(472,076)	1,836		(563,160)
Interest expense	(43,093)				(43,093)
Interest income	1,894				1,894
Gain on debt extinguishment	9,813				9,813
Income (loss) before income taxes	(124,306)	(472,076)	1,836		(594,546)
Income tax benefit (expense)	(45,923)	116,975	(966)		70,086
Income (loss) before equity in net income (loss) of subsidiaries and nonconsolidated affiliate and discontinued operations	(170,229)	(355,101)	870		(524,460)
Equity in income (loss) of subsidiaries	(354,231)			354,231	
Income (loss) before equity in net loss of nonconsolidated affiliate and discontinued operations	(524,460)	(355,101)	870	354,231	(524,460)
Equity in net loss of nonconsolidated affiliates	(166)				(166)
Income (loss) from continuing operations	(524,626)	(355,101)	870	354,231	(524,626)
Loss from discontinued operations, net of tax	(3,930)				(3,930)
Net income (loss) applicable to common stockholders	\$ (528,556)	\$ (355,101)	\$ 870	\$ 354,231	\$ (528,556)

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)

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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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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Consolidating Statement of Cash Flows****Year ended December 31, 2009****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (50,072)	\$ (43,236)	\$ 333	\$ 42,903	\$ (50,072)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	20,294		739		21,033
Impairment charge	2,720	47,928			50,648
Deferred income taxes	2,137	(4,692)	204		(2,351)
Amortization of debt issue costs	402				402
Amortization of syndication contracts	1,981				1,981
Payments on syndication contracts	(2,836)				(2,836)
Equity in net loss of nonconsolidated affiliate	236				236
Non-cash stock-based compensation	4,034				4,034
Non-cash expenses related to debt extinguishment	945				945
Change in fair value of interest rate swap agreements	(6,979)				(6,979)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
Decrease in accounts receivable	364		206		570
(Increase) decrease in amounts due from related party	960		(960)		
Increase in prepaid expenses and other assets	(242)		(242)		(484)
Increase in accounts payable, accrued expenses and other liabilities	1,589		73		1,662
Net cash provided by (used in) operating activities	(24,467)		353	42,903	18,789
Cash flows from investing activities:					
Proceeds from sale of property and equipment and intangibles	122				122
Investment in subsidiaries	42,903			(42,903)	
Purchases of property and equipment and intangibles	(10,136)		(829)		(10,965)
Net cash provided by (used in) investing activities	32,889		(829)	(42,903)	(10,843)
Cash flows from financing activities:					
Proceeds from issuance of common stock	255				255
Payments on long-term debt	(42,572)				(42,572)
Repurchase of Class A common stock	(1,075)				(1,075)
Payments of deferred debt and offering costs	(1,182)				(1,182)

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Net cash used in financing activities	(44,574)			(44,574)
Net decrease in cash and cash equivalents	(36,152)		(476)	(36,628)
Cash and cash equivalents:				
Beginning	63,412		882	64,294
Ending	\$ 27,260	\$	\$ 406	\$ 27,666

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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, 2008****(In thousands)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Cash flows from operating activities:					
Net income (loss)	\$ (528,556)	\$ (355,101)	\$ 870	\$ 354,231	\$ (528,556)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	22,734		678		23,412
Impairment charge	138,380	472,076			610,456
Deferred income taxes	44,872	(116,975)	532		(71,571)
Amortization of debt issue costs	459				459
Amortization of syndication contracts	2,883				2,883
Payments on syndication contracts	(2,840)				(2,840)
Equity in net loss of nonconsolidated affiliate	166				166
Non-cash stock-based compensation	3,353				3,353
Non-cash income related to debt extinguishment	(9,813)				(9,813)
Change in fair value of interest rate swap agreements	11,648				11,648
Changes in assets and liabilities, net of effect of acquisitions and dispositions:					
(Increase) decrease in accounts receivable	11,250		(94)		11,156
(Increase) decrease in amounts due from related party	1,740		(1,740)		
Increase in prepaid expenses and other assets	585		218		803
Decrease in accounts payable, accrued expenses and other liabilities	(6,001)		(64)		(6,065)
Effect of discontinued operations	(1,273)				(1,273)
Net cash provided by (used in) operating activities	(310,413)		400	354,231	44,218
Cash flows from investing activities:					
Proceeds from sale of property and equipment and intangibles	101,498				101,498
Investment in subsidiaries	354,231			(354,231)	
Purchases of property and equipment and intangibles	(16,791)		(82)		(16,873)
Purchase of a business	(22,885)				(22,885)
Deposits on acquisitions	(200)				(200)
Effect of discontinued operations	(194)				(194)
Net cash provided by (used in) investing activities	415,659		(82)	(354,231)	61,346
Cash flows from financing activities:					
Proceeds from issuance of common stock	785				785

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Payments on long-term debt	(67,702)		(67,702)
Repurchase of Class U common stock	(10,380)		(10,380)
Repurchase of Class A common stock	(50,837)		(50,837)
Excess tax benefits from exercise of stock options	(81)		(81)
Net cash used in financing activities	(128,215)		(128,215)
Net increase (decrease) in cash and cash equivalents	(22,969)	318	(22,651)
Cash and cash equivalents:			
Beginning	86,381	564	86,945
Ending	\$ 63,412	\$ 882	\$ 64,294

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Table of Contents**ENTRAVISION COMMUNICATIONS CORPORATION****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, 2010	\$ 5,105	\$ 2,924	\$ 1,153	\$ (4,083)	\$ 5,099
Year ended December 31, 2009	\$ 5,640	\$ 2,903	\$ 183	\$ (3,621)	\$ 5,105
Year ended December 31, 2008(2)	\$ 5,771	\$ 1,586	\$ 129	\$ (1,846)	\$ 5,640
Deferred tax valuation allowance					
Year ended December 31, 2010	\$ 143,175	\$ (614)	\$	\$	\$ 142,561
Year ended December 31, 2009	\$ 126,433	\$ 16,742	\$	\$	\$ 143,175
Year ended December 31, 2008(2)	\$ 8,712	\$ 117,721	\$	\$	\$ 126,433

- (1) Other adjustments represent recoveries and increases in the allowance for doubtful accounts, including changes in connection with acquisitions and dispositions.
- (2) Amounts have been adjusted to exclude assets held for sale and discontinued operations.

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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, 2010 and 2009, 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, 2010. 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, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP

Los Angeles, CA

March 11, 2011

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ENTRAVISION HOLDINGS, LLC

BALANCE SHEETS

December 31, 2010 and 2009

(In thousands)

	December 31, 2010	December 31, 2009
ASSETS		
Intangible assets not subject to amortization	\$ 177,584	\$ 192,952
Total assets	\$ 177,584	\$ 192,952
LIABILITIES AND MEMBER S EQUITY		
Deferred income taxes	\$ 24,829	\$ 28,054
Total liabilities	24,829	28,054
Member s equity		
Member s capital	803,976	803,976
Accumulated deficit	(651,221)	(639,078)
Total member s equity	152,755	164,898
Total liabilities and member s equity	\$ 177,584	\$ 192,952

See Notes to Financial Statements

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ENTRAVISION HOLDINGS, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2010, 2009 and 2008

(In thousands)

	2010	2009	2008
Impairment charge	15,368	47,928	472,076
Operating loss	(15,368)	(47,928)	(472,076)
Income tax benefit (expense)	3,225	4,692	116,975
Net loss	\$ (12,143)	\$ (43,236)	\$ (355,101)

See Notes to Financial Statements

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ENTRAVISION HOLDINGS, LLC

STATEMENTS OF MEMBER S EQUITY

Years ended December 31, 2010, 2009 and 2008

(In thousands)

	Member s Capital	Accumulated Deficit	Total
Balance, December 31, 2007	\$ 792,450	\$ (240,741)	\$ 551,709
Contribution of FCC licenses by parent	11,442		11,442
Net loss for the year ended December 31, 2008		(355,101)	(355,101)
Balance, December 31, 2008	\$ 803,892	\$ (595,842)	\$ 208,050
Contribution of FCC licenses by parent	84		84
Net loss for the year ended December 31, 2009		(43,236)	(43,236)
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

See Notes to Financial Statements

Table of Contents**ENTRAVISION HOLDINGS, LLC****STATEMENTS OF CASH FLOWS****Years ended December 31, 2010, 2009 and 2008****(In thousands)**

	2010	2009	2008
Cash flows from operating activities:			
Net loss	\$ (12,143)	\$ (43,236)	\$ (355,101)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Impairment charge	15,368	47,928	472,076
Deferred income taxes	(3,225)	(4,692)	(116,975)
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	\$	\$ 84	\$ 11,442

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 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

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

The estimated fair value of the income approach is compared to a market approach for reasonableness. The market approach estimates fair value by applying sales, earnings and cash flow multiples to each market cluster's operating performance. The multiples are derived from comparable markets with similar operating characteristics of the Company's market clusters. The market approach requires the Company to make a series of assumptions, such as selecting comparable market clusters 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.

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 accordance with ASC 820, the Company has categorized its financial 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 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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In 2009, the Company adopted ASC 820 related to the accounting and disclosure of fair value measurements for nonfinancial assets and liabilities. 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 and 2009 (in millions):

Nonfinancial Assets	Level 3	
	2010	2009
Intangible assets not subject to amortization (FCC licenses)	\$ 13.7	\$ 97.5

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. In 2009, the Company wrote down its radio FCC licenses with carrying amounts of \$145.4 million to their fair values of \$97.5 million and as a result, recognized impairment losses of \$47.9 million, which the Company included in impairment charge on the statements of operations for the year ended December 31, 2009.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

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. Due to extreme volatility caused by the continuing global financial crisis and ongoing recession, the Company could be at risk should any of these entities encounter difficulties of their own, which could make it harder or impossible for them 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.

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

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In January 2010, the FASB issued ASU No. 2010-06, Improving Disclosures about Fair Value Measurements (ASU 2010-06). ASU 2010-06 requires new disclosures relating to transfers in and out of Level 1 and Level 2 fair value measurements, levels of disaggregation, and valuation techniques. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010.

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, 2010 and 2009 was \$177.6 million and \$193.0 million, respectively. The Company did not have any amortization expense for the years ended December 31, 2010, 2009 and 2008 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.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

2010 Impairment

The Company also conducted a review of the fair value of the television and radio FCC licenses in 2010. 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 recognized impairment losses of \$13 million relating to television FCC licenses and \$3 million relating to radio FCC licenses.

2009 Impairment

The Company conducted a review of the fair value of the television and radio FCC licenses in 2009. 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, discounted by an estimated weighted-average cost of capital that reflects current market conditions, which reflect the level of inherent risk. 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. Based on the assumptions and estimates described above, the Company recognized impairment losses of \$48 million relating to radio FCC licenses.

2008 Impairment

The Company conducted a review of the fair value of the FCC licenses in 2008. The fair value was primarily determined by evaluating discounted cash flow models. 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. Based on the assumptions and estimates described above, the Company recognized impairment losses of \$413 million relating to radio FCC licenses and \$59 million relating to television FCC licenses.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

The Company does not have any long term debt as of December 31, 2010 and 2009. However, the Company is a guarantor of the Notes 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. Prior to July 27, 2010, all of the membership interests of the Company were pledged as collateral to secure ECC's syndicated bank credit facility. As of December 31, 2010, the balance due on ECC's Notes was \$400 million. As of December 31, 2009, the balance of ECC's syndicated bank credit facility was \$361.9 million.

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 of 98.722% of their principal amount and mature on August 1, 2017. Interest on the Notes accrues at a rate of 8.75% per annum from the date of original issuance and is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2011. 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.

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

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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.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

In addition, upon a change of control, as defined in the indenture governing the issuance of the Notes (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 Syndicated Bank Credit Facility

In July 2010, ECC repaid all amounts outstanding under its 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, ECC entered into a \$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 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.

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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.

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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.

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.

ECC recorded a loss on debt extinguishment of \$4.7 million for fees, unamortized finance costs and interest rate swap agreement termination costs associated with the amendment to the syndicated bank credit facility during the year ended December 31, 2009.

5. INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2010, 2009, and 2008 is as follows (in millions):

	2010	2009	2008
Current			
Federal	\$	\$	\$
State			
Foreign			

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Deferred			
Federal	(2.8)	(4.0)	(98.5)
State	(0.4)	(0.7)	(18.5)
	(3.2)	(4.7)	(117.0)
Total provision (benefit) for taxes	\$ (3.2)	\$ (4.7)	\$ (117.0)

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, 2010, 2009 and 2008 due to the following (in millions):

	2010	2009	2008
Computed expected tax provision (benefit)	\$ (5.2)	\$ (17.2)	\$ (160.5)
Change in income tax resulting from:			
State taxes, net of federal benefit	(0.5)	(1.8)	(18.7)
Change in valuation allowance	2.8	13.9	61.8
Other	(0.3)	0.4	0.4
	\$ (3.2)	\$ (4.7)	\$ (117.0)

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

The components of the deferred tax assets and liabilities at December 31, 2010 and 2009 consist of the following (in millions):

	2010	2009
Deferred tax assets:		
Net operating loss carryforward	64.6	51.6
Long-lived Intangible assets	38.7	48.9
	103.3	100.5
Valuation allowance	(103.3)	(100.5)
Net deferred tax assets	\$	\$
Deferred tax liabilities:		
Long-lived Intangible assets	\$ (24.8)	\$ (28.1)

As of December 31, 2010, the Company has federal and state net operating loss carryforwards of approximately \$172.1 million available to offset future taxable income. The net operating loss carryforwards will expire during the years 2020 through 2030.

For the years ended December 31, 2010 and 2009, the Company had a valuation allowance of \$103.3 million and \$100.5 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, 2010, 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, 2010, all of the membership interests of the Company were pledged as collateral to secure the Notes of ECC. As of December 31, 2009, all of the membership interests of the Company were pledged as collateral to secure the syndicated bank credit facility of ECC.

In April 2009, ECC acquired the assets of television station KREN-TV, serving the Reno, Nevada market, for approximately \$4.3 million. ECC contributed the related FCC licenses acquired in the transaction to the Company. The transferred licenses were valued at \$0.1 million.

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ENTRAVISION HOLDINGS, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

In March 2008, ECC completed the acquisition of the net assets of radio station WNUE-FM in Orlando, Florida, for \$24.1 million. ECC contributed the related FCC licenses acquired in the transaction to the Company. The transferred licenses were valued at \$11.4 million

8. LITIGATION

The Company is subject to various outstanding claims and other legal proceedings that arose 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.

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