ENTRAVISION COMMUNICATIONS CORP
Form 10-K
March 31, 2010
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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

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

For the Fiscal Year Ended December 31, 2009

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	**95-4783236**
(State or other jurisdiction of incorporation or organization)	**(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	**Name of each exchange on which registered**
Class A Common Stock	**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 x

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 x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark 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. x

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, 2009 was approximately $29,143,275 (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, 2010, there were 52,592,982 shares, $0.0001 par value per share, of the registrant s Class A common stock outstanding, 22,587,433 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 2010 Annual Meeting of Stockholders scheduled to be held on May 27, 2010 are incorporated by a reference in Part III hereof.

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EXPLANATORY NOTE

In this Annual Report on Form 10-K for the year ended December 31, 2009, we are restating our consolidated financial statements (and related disclosures) as of and for the year ended December 31, 2008, which are included in Financial Statements and Supplementary Data in Item 8. This Form 10-K also (i) reflects the restatement of Selected Financial Data in Item 6 as of and for the year ended December 31, 2008 and (ii) amends Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 as it relates to the year ended December 31, 2008. We do not intend to file any other amended Annual Reports on Form 10-K. For this reason, the Consolidated Financial Statements and related financial information as of and for the year ended December 31, 2008 contained in any of our previously filed financial reports should no longer be relied upon as filed.

During 2009, we identified an error in the income tax benefit related to our valuation allowance for the year ended December 31, 2008. This error related to the tax effect of the adjustments to the carrying value of indefinite-lived intangible assets due to the impairment charges we recorded during 2008. This error and its correction is solely the result of originations and reversals of deferred tax differences and their effect on the valuation allowance recorded on the deferred tax assets. As a result, the income tax benefit decreased by $40.6 million for the year ended December 31, 2008, which results in a corresponding increase in loss from continuing operations, net loss and accumulated deficit and a decrease in stockholders equity. The long-term deferred income tax liability increased by $42.5 million and the current deferred tax asset, which is recorded in the line prepaid expenses and other current assets on the balance sheet, increased by $1.9 million. Accordingly, the annual results of operations for the period ended December 31, 2008 have been restated. For additional information, please see Note 2, Restatement of Previously Issued Consolidated Financial Statements, to Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

The correction of this error had no effect on net revenue, operating income (loss) or income (loss) before income taxes. There was no impact to cash flows from operating activities, investing activities and financing activities.

We are also restating our consolidated financial information (and related disclosures) as of and for the three- and nine-month periods ended September 30, 2008. The income tax benefit decreased by $16.0 million for the three- and nine-month periods ended September 30, 2008, which results in a corresponding increase in loss from continuing operations, net loss, long-term deferred income tax liability and accumulated deficit and a decrease in stockholders equity. We do not intend to file an amended Quarterly Report on Form 10-Q. For this reason, the Consolidated Financial Statements and related financial information for the restated quarter contained in any of our previously filed financial reports should no longer be relied upon as filed. For additional information, please see Note 17, Quarterly Results of Operations (Unaudited), to Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

We are also restating our consolidated balance sheets as of March 31, 2009, as of June 30, 2009, and as of September 30, 2009. We do not intend to file any other amended Quarterly Reports on Form 10-Q. For this reason, the Consolidated Balance Sheet and related financial information for the restated quarters contained in any of our previously filed financial reports should no longer be relied upon as filed.

For the first three quarters of 2009, the correction of this error resulted in an increase in the current deferred tax asset, long-term deferred tax liabilities and accumulated deficit and a decrease in stockholders equity on our balance sheets, but will not affect our statements of operations for these periods. For additional information, please see Note 17, Quarterly Results of Operations (Unaudited), to Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

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The effect of the restatement on the Company s consolidated balance sheet as of December 31, 2008 and consolidated statement of operations for year ended December 31, 2008 is as follows (in thousands, except per share data):

BALANCE SHEET DATA:

	December 31, 2008	
	As Reported	**As Restated**
Current assets		
Cash and cash equivalents	$ 64,294	$ 64,294
Trade receivables	44,855	44,855
Prepaid expenses and other current assets	5,252	7,196
Total current assets	114,401	116,345
Total Assets	$ 591,039	$ 592,983
Current liabilities	58,767	58,767
Long-term debt	405,521	405,521
Other long-term liabilities	14,038	14,038
Deferred income taxes		42,563
Total liabilities	478,326	520,889
Accumulated deficit	(822,045)	(862,664)
Total stockholders' equity	112,713	72,094
Total liabilities and stockholders' equity	$ 591,039	$ 592,983

STATEMENTS OF OPERATIONS DATA:

	For the Year Ended December 31, 2008	
	As Reported	**As Restated**
Net revenue	$ 232,335	$ 232,335
Operating loss	(563,160)	(563,160)
Loss before income taxes	(594,546)	(594,546)
Income tax benefit	110,705	70,086
Net loss applicable to common stockholders	$ (487,937)	$ (528,556)
Net loss per share, basic and diluted	$ (5.39)	$ (5.84)

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The effect of the restatements on the Company s unaudited interim consolidated quarterly financial information and a summary of the quarterly results of operations for the three- and nine-month periods ended September 30, 2008 is as follows (in thousands, except per share data):

BALANCE SHEET DATA:

	September 30, 2008	
	As Reported	As Restated
Total assets	$ 824,653	$ 824,653
Current liabilities	$ 50,942	$ 50,942
Long-term debt	472,000	472,000
Other long-term liabilities	14,522	14,522
Deferred income tax liabilities	34,542	50,493
Total liabilities	572,006	587,957
Accumulated deficit	(685,562)	(701,513)
Total stockholders' equity	252,647	236,696
Total liabilities and stockholders' equity	$ 824,653	$ 824,653

STATEMENTS OF OPERATIONS DATA:

	Three-Month Period Ended September 30, 2008		Nine-Month Period Ended September 30, 2008	
	As Reported	As Restated	As Reported	As Restated
Net revenue	$ 60,988	$ 60,988	$ 179,573	$ 179,573
Operating loss	(425,779)	(425,779)	(399,619)	(399,619)
Loss before income taxes	(433,329)	(433,329)	(425,875)	(425,875)
Income tax benefit	78,847	62,896	76,167	60,216
Net loss applicable to common stockholders	$ (354,491)	$ (370,442)	$ (351,454)	$ (367,405)
Net loss per share, basic and diluted	$ (3.98)	$ (4.16)	$ (3.82)	$ (3.99)

The effect of the restatements on the Company s unaudited interim consolidated quarterly financial information as of March 31, 2009 is as follows (in thousands, except per share data):

	March 31, 2009	
	As Reported	As Restated
Current assets		
Cash and cash equivalents	$ 16,776	$ 16,776

Trade receivables	40,949	40,949
Prepaid expenses and other current assets	4,875	6,819
Total current assets	62,600	64,544
Total assets	$ 534,893	$ 536,837
Current liabilities	$ 29,866	$ 29,866
Long-term debt	365,521	365,521
Other long-term liabilities	35,048	35,048
Deferred income tax liabilities	5,801	48,364
Total liabilities	436,236	478,799
Accumulated deficit	(836,539)	(877,158)
Total stockholders' equity	98,657	58,038
Total liabilities and stockholders' equity	$ 534,893	$ 536,837

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The effect of the restatements on the Company s unaudited interim consolidated quarterly financial information as of June 30, 2009 is as follows (in thousands, except per share data):

	June 30, 2009	
	As Reported	As Restated
Current assets		
Cash and cash equivalents	$ 18,838	$ 18,838
Trade receivables	46,674	46,674
Prepaid expenses and other current assets	4,593	6,537
Total current assets	70,105	72,049
Total assets	$ 535,395	$ 537,339
Current liabilities	$ 54,531	$ 54,531
Long-term debt	364,521	364,521
Other long-term liabilities	12,754	12,754
Deferred income tax liabilities	6,567	49,130
Total liabilities	438,373	480,936
Accumulated deficit	(838,366)	(878,985)
Total stockholders' equity	97,022	56,403
Total liabilities and stockholders' equity	$ 535,395	$ 537,339

The effect of the restatements on the Company s unaudited interim consolidated quarterly financial information as of September 30, 2009 is as follows (in thousands, except per share data):

	September 30, 2009	
	As Reported	As Restated
Current assets		
Cash and cash equivalents	$ 20,824	$ 20,824
Trade receivables	48,316	48,316
Prepaid expenses and other current assets	5,532	7,476
Total current assets	74,672	76,616
Total assets	$ 536,984	$ 538,928
Current liabilities	$ 53,326	$ 53,326
Long-term debt	362,949	362,949
Other long-term liabilities	12,872	12,872
Deferred income tax liabilities	9,388	51,951
Total liabilities	438,535	481,098
Accumulated deficit	(837,693)	(878,312)

Total stockholders' equity	98,449	57,830
Total liabilities and stockholders' equity	$ 536,984	$ 538,928

All amounts referenced to December 31, 2008 and the year then ended in this Form 10-K reflect such amounts on a restated basis. Also, comparisons of 2009 and 2008 to any other years in discussions contained in this Form 10-K have been revised from those included in our Annual Report on Form 10-K for 2008 as necessary to reflect the restated information contained herein.

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ENTRAVISION COMMUNICATIONS CORPORATION

FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

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PART I

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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 c 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 the agreements governing our debt instruments, including the amended credit facility agreement governing our syndicated bank credit facility, or the amended credit facility agreement, which restricts certain aspects of the operation of our business;
- our continued compliance with all of our obligations, including financial covenants and ratios, under the amended credit facility 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 amended credit facility 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;

the duration and severity of the current economic environment;

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

risks related to changes in accounting interpretations; and

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

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see Risk Factors, beginning at page 25 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 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 from sales of national and local advertising time on television and radio stations. Advertising rates are, in large part, based on each medium s ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast. We do not obtain long-term commitments from our advertisers and, consequently, they may cancel, reduce or postpone orders without penalties. We pay commissions to agencies for local, regional and national advertising. For contracts directly with agencies, we record net revenue from these agencies. Seasonal revenue fluctuations are common in the broadcasting industry and are due primarily to variations in advertising expenditures by both local and national advertisers.

Our net revenue for the year ended December 31, 2009 was approximately $189.2 million. Of that amount, revenue generated by our television segment accounted for 66%, revenue generated by our radio segment accounted for 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.

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.entravision.com*.

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

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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 46 million Hispanics live in the United States, accounting for over 15% of the total U.S. population. The overall Hispanic population is growing at nearly 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 5 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. We believe that the strong Spanish-language use among Hispanics indicates that Spanish-language media will continue to be an important source of news, sports and entertainment for Hispanics and an important vehicle for marketing and advertising.

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. We believe that these factors make Hispanics an attractive target audience for many major advertisers.

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 28.0 years of age as compared to the U.S. non-Hispanic averages of 2.4 persons and 40.2 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 $4.0 billion of total advertising expenditures in the United States were placed in Spanish-language media in 2008, the most recent year for which such data is available, of which approximately 82% was placed in Spanish-language television and radio advertising. We believe that major advertisers have found that Spanish-language media are more cost-effective means to target the growing U.S. Hispanic audience than English-language media.

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

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primary network, together with its TeleFutura Network, represented an approximately 75% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of December 2009. Univision makes its networks Spanish-language programming available to our television stations 24 hours a day, including a prime time schedule on its primary network of substantially all first-run programming throughout the year.

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

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

Invest in Media Research and Sales. We believe that continued use of industry-accepted ratings and surveys will allow us further to increase our advertising rates. We use standard industry ratings and surveys from third parties, including Nielsen Media Research, Arbitron and the Traffic Audit Bureau 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. Currently, we are restricted from engaging in future acquisitions under the terms of the amended credit facility agreement. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources below. However, 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 in the future, should such restrictions be removed. Additionally, 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.

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Acquisition and Disposition Strategies

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

One of our goals has been to create and grow media clusters within these target markets, featuring both Univision and 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.

In December 2007, we upgraded the FCC license of radio station KRCY-FM (now KRRN-FM) in the Las Vegas, Nevada market for $8.7 million.

In April 2007 we acquired a full power television construction permit in Colorado Springs, Colorado for $2.6 million in an auction held by the FCC. This station, KVSN-TV, became fully operational in the first quarter of 2009.

Currently, we are restricted from engaging in future acquisitions under the terms of the amended credit facility agreement. We cannot at this time determine the effect that these restrictions will have on 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 $50.1 million, $528.6 million and $43.1 million for the years ended December 31, 2009, 2008 and 2007, 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.

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.

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 an approximately 75% share of the U.S. Spanish-language network television prime time audience of adults 18-49 years of age as of December 2009. 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. Weekend daytime programming begins with children s programming, and is generally followed by sports, reality, comedy shows and movies.

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

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 10 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, gives us the right to broadcast Fox network programming on XHRIO-TV, serving the Harlingen-Weslaco-Brownsville-McAllen market, and KXOF-CA, serving the Laredo market, through June 30, 2010. The network affiliation agreement may be extended for successive one-year terms at Fox s option, subject to our consent.

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, KXOF-CA, and XDTV-TV, serving the Tecate/San Diego market. This agreement expires in October 2011 and may be extended for successive one-year periods.

Our network affiliation agreement with The CW Network, LLC, or CW, gives us the right to broadcast CW network programming on KSFE-LP, KTIZ-LP, and KNVO-DT serving the Harlingen-Weslaco-Brownsville-McAllen market, through 2011. We have also entered into a network affiliation agreement with CW giving us the right to broadcast CW network programming through 2013 on KRNS-CA and KREN-DT, serving the Reno, Nevada market.

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 13 to Notes to Consolidated Financial Statements.

We also have the right to deliver MTV Tres network programming, on a month-to-month basis, on Time Warner Cable in the Harlingen-Weslaco-Brownsville-McAllen market.

We cannot guarantee that our current network affiliation agreements will be renewed beyond their current expiration dates under their current terms 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, Channel	Programming
Harlingen-Weslaco-Brownsville-McAllen, Texas (1)	10	354,150	294,650	83.2%	KNVO-TV, Channel 48	Univision
					KVTF-CA, Channel 20 (2)	TeleFutura
					KFTN-CA, Channel 30 (2)	TeleFutura
					KTFV-CA, Channel 32 (2)	TeleFutura
					KTIZ-LP, Channel 52	CW
					KSFE-LP, Channel 67	CW
Albuquerque-Santa Fe, New Mexico	12	694,040	248,590	35.8%	KLUZ-TV, Channel 41	Univision
					KTFQ-TV, Channel 14 (3)	TeleFutura
					KTFA-LP, Channel 48	Home Shopping Network
San Diego, California	14	1,073,390	239,520	22.3%	KBNT-CA, Channel 17 (2)	Univision
					KHAX-LP, Channel 49	Univision
					KTCD-LP, Channel 46	Univision
					KDTF-LP, Channel 36	TeleFutura
Denver-Boulder, Colorado	15	1,539,380	234,750	15.2%	KCEC-TV, Channel 50	Univision
					K43FN, Channel 43	Univision
					K54IK, Channel 54	Univision
					KTFD-TV, Channel 14 (3)	TeleFutura
					KDVT-LP, Channel 36	Univision
El Paso, Texas	16	310,760	222,800	71.7%	KINT-TV, Channel 26	Univision
					KTFN-TV, Channel 65	TeleFutura
Orlando-Daytona Beach-Melbourne, Florida	17	1,455,620	202,710	13.9%	WVEN-TV, Channel 26	Univision
					W47DA, Channel 47	Univision
					WVCI-LP, Channel 16	Univision
					WOTF-TV, Channel 43 (3)	TeleFutura
Tampa-St. Petersburg (Sarasota), Florida	18	1,805,810	194,490	10.8%	WVEA-TV, Channel 62	Univision
					WFTT-TV, Channel 50 (3)	

					WVEA-LP, Channel 46	TeleFutura Jewelry TV
Washington, D.C. (Hagerstown, Maryland)	20	2,335,040	184,970	7.9%	WFDC-TV, Channel 14 (3) WMDO-CA, Channel 47 (2)(4) WJAL-TV, Channel 68	Univision TeleFutura English-Language
Las Vegas, Nevada	22	721,780	154,670	21.4%	KINC-TV, Channel 15 KNTL-LP, Channel 47 KWWB-LP, Channel 45 KELV-LP, Channel 27	Univision Univision Univision TeleFutura
Boston, Massachusetts	24	2,410,180	132,300	5.5%	WUNI-TV, Channel 27 WUTF-TV, Channel 66 (3)	Univision TeleFutura
Corpus Christi, Texas	26	199,560	105,400	52.8%	KORO-TV, Channel 28 KCRP-CA, Channel 41 (2)	Univision TeleFutura
Hartford-New Haven, Connecticut	32	1,010,630	82,870	8.2%	WUVN-TV, Channel 18 WUTH-CA, Channel 47 (2)	Univision TeleFutura
Monterey-Salinas-Santa Cruz, California	34	227,390	68,800	30.3%	KSMS-TV, Channel 67 KDJT-CA, Channel 33 (2)	Univision TeleFutura
Laredo, Texas	35	69,790	64,690	92.7%	KLDO-TV, Channel 27 KETF-CA, Channel 25 (2) KXOF-CA, Channel 39	Univision TeleFutura Fox
Yuma, Arizona-El Centro, California	36	118,300	64,350	54.4%	KVYE-TV, Channel 7 KAJB-TV, Channel 54 (3)	Univision TeleFutura
Palm Springs, California	38	161,110	62,570	38.8%	KVER-CA, Channel 4 (2) KVES-LP, Channel 28 KEVC-CA, Channel 5 (2)	Univision Univision TeleFutura
Odessa-Midland, Texas	40	143,710	55,580	38.7%	KUPB-TV, Channel 18	Univision
Colorado Springs-Pueblo, Colorado	41	334,710	52,770	15.8%	KVSN-TV, Channel 48 KGHB-CA, Channel 27 (2)	Univision TeleFutura

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Market	Market Rank (by Hispanic Households)	Total Households	Hispanic Households	% Hispanic Households	Call Letters, Channel	Programming
Santa Barbara-Santa Maria- San Luis Obispo, California	44	241,370	51,480	21.3%	KPMR-TV, Channel 38	Univision
					K10OG, Channel 10 (2)	TeleFutura
					K17GD, Channel 17 (2)	TeleFutura
					K28FK, Channel 28 (2)	TeleFutura
					KTSB-CA, Channel 35 (2)	TeleFutura
Lubbock, Texas	47	158,360	47,020	29.7%	KBZO-LP, Channel 51	Univision
Wichita-Hutchinson, Kansas	54	452,710	37,180	8.2%	KDCU-DT, Channel 46	Univision
Reno, Nevada	55	270,500	37,000	13.7%	KREN-TV, Channel 27	Univision
					KREN-LP, Channel 29	
					KNVV-LP, Channel 41 (7)	Univision
					KRNS-CA, Channel 46 (2)	TeleFutura CW
Springfield-Holyoke, Massachusetts	63	262,960	28,170	10.7%	WHTX-LP, Channel 43	Univision
San Angelo, Texas	81	54,580	15,990	29.3%	KEUS-LP, Channel 31	Univision
					KANG-CA, Channel 41 (2)	TeleFutura
Tecate, Baja California, Mexico (San Diego)					XDTV-TV, Channel 49 (5)	MyNetworkTV
Tijuana, Baja California, Mexico (San Diego)					XHAS-TV, Channel 33 (5)	Telemundo
Matamoros, Tamaulipas, Mexico (Harlingen-Weslaco-Brownsville-McAllen)					XHRIO-TV, Channel 2 (5)	Fox

Source: Nielsen Media Research 2010 universe estimates.

(1) We also deliver the MTV Tres program service on Time Warner Cable in this market.
(2) CA in call letters indicates station is under Class A television service. Certain stations without this designation are also Class A stations.
(3) We provide the sales and marketing function of this station under a marketing and sales arrangement.
(4) We also operate a digital service for this station on Channel 8.
(5) 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 implement 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 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.

Television Advertising

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

Local. Local advertising revenue is generated from commercial airtime and is sold directly by the station to an in-market advertiser or its agency. In 2009, local advertising accounted for approximately 50% of our total television revenue.

National. National advertising revenue represents commercial time sold to a national advertiser within a specific market by Univision, our national representative firm. For these sales, Univision is paid a 15%

commission on the net revenue from each sale (gross revenue less agency commission). We target the largest national Spanish-language advertisers that collectively purchase the greatest share of national advertisements through Univision. The Univision representative works closely with each station s national sales manager. This has enabled us to secure national advertisers, including Verizon Wireless, McDonald s Corporation, Ford Motor Company, Cricket Communications, Inc., Taco Bell, Jack in the Box, Inc., AT&T Mobility LLC, and Toyota Motor Corporation. We also added significant new national advertising accounts in 2009, including Morgan & Morgan, P.A., Innovative Brands, LLC, JP Morgan Chase & Co., and First Choice Power, among others. We also have a national advertising representative arrangement with Telemundo. Our stations that broadcast Fox, CW and MyNetworkTV network programming are represented by Petry Television. In 2009, national advertising accounted for approximately 42% 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 2009, retransmission consent revenue accounted for approximately 8% 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 2009, network compensation accounted for approximately 1% of our total television revenue.

Television Marketing/Audience Research

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

- 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

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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.

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 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.

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NBC-owned Telemundo is the second-largest Spanish-language television network in the United States. As of December 31, 2008, 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 43% 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 18 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.

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 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;

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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 traditional rock-oriented format that targets primarily males 18-49 years of age and a 1980s and 1990s hit-based adult contemporary format targeting primarily women 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;

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; and

In the Orlando market, we offer a Spanish Tropical format a mix of Spanish-language tropical and Latin pop music targeting primarily Hispanic adults 18-34 years of age.

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	KLYY-FM	97.5	MHz	José
		KDLD-FM	103.1	MHz	El Gato (1)
		KDLE-FM	103.1	MHz	El Gato (1)
		KSSC-FM	107.1	MHz	Super Estrella (1)
		KSSD-FM	107.1	MHz	Super Estrella (1)
		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	7				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 (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)

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Market	Market Rank (by Hispanic Households)	Station	Frequency		Format
Albuquerque-Santa Fe, New Mexico	12				José
		KRZY-FM	105.9	MHz	
		KRZY-AM	1450	kHz	La Tricolor
Denver-Boulder, Colorado	15				José
					La Tricolor
		KJMN-FM	92.1	MHz	
Aspen, Colorado					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	Tropical
Las Vegas, Nevada	22				Maria
		KRRN-FM	92.7	MHz	
		KQRT-FM	105.1	MHz	La Tricolor
Monterey-Salinas-Santa Cruz, California	34				La Tricolor
					José
		KLOK-FM	99.5	MHz	
		KSES-FM	107.1	MHz	
		KMBX-AM	700	kHz	Time Brokered (2)
Yuma, Arizona-El Centro, California	36				José
					La Tricolor
		KSEH-FM	94.5	MHz	
		KMXX-FM	99.3	MHz	
		KWST-AM	1430	kHz	Time Brokered (2)
Palm Springs, California	38	KLOB-FM	94.7	MHz	José
Lubbock, Texas	47				La Tricolor
		KAIQ-FM	95.5	MHz	
		KBZO-AM	1460	kHz	José
Reno, Nevada	55	KRNV-FM	102.1	MHz	La Tricolor

Market rank source: Nielsen Media Research 2010 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.

Radio Advertising

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

Local. This form of revenue refers to advertising usually purchased by a local client or agency directly from the station s sales force, revenues generated from a third-party through a network inventory agreement and non-traditional revenue. In 2009, local radio revenue accounted for approximately 75% of our total radio revenue.

National. This form of revenue refers to advertising purchased by a national client targeting a specific market. Usually this business is placed by a national advertising agency or media buying services and ordered through one of the offices of our national sales representative, Lotus/Entravision Reps LLC. Lotus/Entravision is a joint venture we entered into in August 2001 with Lotus Hispanic Reps Corp. The national accounts are handled locally by the station s general managers, general sales manager and/or national sales manager. In 2009, national radio advertising accounted for approximately 25% 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 viewers (primarily age and gender);

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- 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.

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.

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;

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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 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, 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, 2009, we had approximately 892 full-time employees, including 733 full-time employees in television and 159 full-time employees in radio. As of December 31, 2009, five 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;
- 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 services and cable television systems;
- 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; 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.

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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.

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

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

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

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

A time brokerage agreement with another television or radio station in the same market creates an attributable interest in the brokered television or radio station as well for purposes of the FCC s local television

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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.

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).

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.

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 will begin another review of its ownership rules in 2010.

The rule changes that have 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 will undertake its next review of its ownership rules in 2010. 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 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-service 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.

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

The adoption of digital television service allows us to broadcast multiple streams of our programming, which is commonly referred to as multicasting. We are engaged in multicasting at a number of our stations.

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We expect 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.

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.

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 Department of Justice 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 Department of Justice 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 Department of Justice 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 provide broadcasters the flexibility to offer new services, including high-definition television and broadband data transmission. The digital transition 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; we do, however, expect such a requirement to be enacted in the near future. 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-service 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.

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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 receivers equipped to receive such signals and are considering its merits as well as its costs. It is unclear what effect such technology will have on our business or the operations of our radio stations.

Radio Frequency Radiation. The FCC has adopted rules limiting human exposure to levels of radio frequency radiation. These rules require applicants for renewal of broadcast licenses or modification of existing licenses to inform the FCC whether 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 on our stations of the merger. 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. We have informed the merged entity that we are prepared to provide such service, so long as the terms as acceptable to us and have so informed the FCC as well. We have not had any discussions with the merged entity and are awaiting a decision from the FCC how the commitment for such minority group service is to be effectuated.

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.

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-service 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 to early 2010; we believe that Congress will, in early 2010, act to extend SHVERA and, in doing so, make certain changes to its provisions. We do not know what the impact of any such legislation, or changes to such legislation, will be 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 during among broadcasters. We do not expect any material impact on our business from such proposed or adopted rules. Please see Risk Factors below.

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.

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, but no legislation was enacted by either House.

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

ITEM 1A. RISK FACTORS

We have a history of losses that, if continued, could adversely affect the market price of our securities and our ability to raise capital.

We had net losses of approximately $50.1 million, $528.6 million and $43.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. If we cannot generate profits in the future, our failure to do so could adversely affect the market price of our securities, which in turn could adversely affect our ability to raise additional equity capital or to incur additional debt.

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

We may require significant additional capital for general working capital and debt service needs. If our cash flow and existing working capital are not sufficient to fund our general working capital and debt service requirements, we will have to raise additional funds by selling equity, refinancing some or all of our existing debt or selling assets or subsidiaries. None of these alternatives for raising additional captial 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 amended credit facility 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.

As of December 31, 2009, we had $361.9 million of debt outstanding under our amended bank credit facility. A significant portion of our cash flow from operations is and will continue to be used to service our debt

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obligations, and our ability to obtain additional financing is limited by the terms of our amended credit facility 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 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 amended 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 amended credit facility 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 amended credit facility agreement contains various covenants that limit management s discretion in the operation of our business and could limit our ability to grow and compete.

The amended credit facility agreement governing our syndicated bank credit facility contains various provisions that limit our ability to:

- incur additional debt and issue preferred stock;
- pay dividends and make other distributions;
- make investments, capital expenditures and other restricted payments;
- create liens;
- acquire or sell assets;
- continue to repurchase our stock under our publicly-announced stock repurchase program, and otherwise, except in a limited circumstance; and
- enter into certain transactions with affiliates.

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 amended credit facility agreement, 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.

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

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We have recently experienced declining net revenue and net losses, primarily as a result of the current economic conditions. Were these conditions to continue for an extended period of time or worsen, our ability to comply with our amended credit facility agreement, including financial covenants and ratio, and continue to operate our business as it is presently conducted, could be jeopardized.

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, 2009, we had an accumulated deficit of $912.7 million. If we were to experience continuing net losses and further declining net revenue, there could be an adverse effect on our liquidity and capital resources, including but not limited to our failure to comply with the financial covenants or ratios under our amended credit facility agreement. 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 obtain a further amendment to our amended credit facility agreement, seek a waiver from our banks if we are unable to comply with our financial covenants or ratios, 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 our amended credit facility agreement, inability to renegotiate such agreement 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.

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

The continuation or worsening of the current 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 amended credit facility 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 bank 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.

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The current economic conditions and difficulties in the global capital and credit markets have affected and 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 the profitability of our business. Our business is exposed to risks associated with the creditworthiness of our key advertisers and other strategic business partners. These conditions have resulted in financial instability or other adverse effects at many of our advertisers and other strategic business partners. The consequences of such adverse effects could include the delay or cancellation of customer advertising orders, cancellation of our programming and termination of facilities that broadcast or re-broadcast our programming. The continuation 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 early 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.

The current economic conditions and their impact on consumer and general business confidence could negatively affect the Company.

Recent disruption in the financial markets has generally created increasingly difficult conditions for companies globally. Consumer confidence and business and consumer spending have deteriorated significantly, and could remain depressed for an extended period. Consumer purchases of advertising time has declined and may continue to decline during the current period and 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, 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 continue to decrease in future periods, it is possible that we would fail to comply with the terms of our amended credit facility agreement, which would have a significant adverse effect on the Company.

Current uncertain and volatile 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 continue to deteriorate or remain uncertain for the foreseeable future. Throughout 2009, we experienced a significant slowing of customer demand for advertising commitments in both our television and radio segments. Excluding World Cup, political activity and the census, we currently expect to experience relatively flat demand for advertising during at least 2010 and possibly beyond, as our customers alter their purchasing activities in response to this

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new economic reality, and, among other things, our customers may change or scale back future purchases of advertising. This uncertainty and volatility 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 continue to deteriorate, our results of operations, financial condition and business prospects may be materially and adversely affected.

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 rights, privileges or 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.

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Any failure to maintain our FCC broadcast licenses could cause a default under our syndicated bank credit facility and cause an acceleration of our indebtedness.

Our syndicated bank 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 syndicated bank credit facility to be immediately due and payable. If our indebtedness is accelerated, we may not have sufficient funds to pay the amounts owed.

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.

Retransmission consent revenue may not continue to grow at recent rates over the long term.

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 these revenues may not continue at the current rate.

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 $321 million and $375 million at December 31, 2009 and 2008, respectively, primarily attributable to acquisitions in recent 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 2009, we determined that the carrying values of certain radio FCC licenses exceeded their fair values and we recognized an impairment charge of $48 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

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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.

Our television ratings, revenue, results of operations, financial condition and business prospects could decline significantly if our affiliation relationship with Univision or Univision s programming success changes in an adverse manner.

If our affiliation or other contractual relationships with Univision change in an adverse manner, or if Univision s programming success diminishes or its financial condition is adversely affected by the current economic environment, or otherwise, our ability to generate television advertising revenue on which our television business depends could be negatively affected. Univision s ratings might decline or Univision might not continue to provide programming, marketing, available advertising time and other support to its affiliates on the same basis as currently provided. 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 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. 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.

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, 2009, Walter F. Ulloa, Philip C. Wilkinson and Paul Zevnik together hold approximately 84% 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 amended credit facility agreement governing our syndicated bank 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.

In addition, the amended credit agreement governing our syndicated bank credit facility contains limitations on our ability to enter into a change of control transaction. Under this agreement, the occurrence of a change of

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control, in some cases after notice and grace periods, would constitute an event of default permitting acceleration of our outstanding indebtedness.

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 is 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, we would 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.

Because our full-service 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-service 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 cable 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 cable carriage for our low-power stations.

Carriage of our signals on direct broadcast satellite services is subject to direct broadcast satellite 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 sought to qualify for 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. SHVERA has been extended until early 2010 and it is expected that a five-year extension of it will be enacted in early 2010. The SHVERA legislation extended the carry one/carry all rule. In that we have decided to secure our carriage on DBS through retransmission consent agreements, the carry one/carry all rule no longer is relevant to us.

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

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

We rely on over-the-air spectrum which might be taken away.

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 currently engaged in developing a national broadcast plan. It is expected that such a plan will call for an increase in the amount of spectrum available for use by wireless broadband services. Available sources of such spectrum are limited and one obvious source is the spectrum allotted for broadcasting.

There are significant political, legal and technical issues to overcome before broadcasters lose their spectrum. However, the loss of spectrum would have a significant impact on our television business. Whether such a loss would be overcome with carriage rights on other equipment are matters that would have to be resolved.

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.

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 10 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

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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 Ended December 31, 2008		
First Quarter	$ 7.84	$ 5.47
Second Quarter	$ 7.46	$ 3.66
Third Quarter	$ 4.04	$ 2.61
Fourth Quarter	$ 3.37	$ 0.50
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

As of March 1, 2010, there were approximately 201 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, 2004 through December 31, 2009, 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.

The following graph compares the cumulative 5-year total return provided shareholders on Entravision Communications Corporation s common stock relative to the cumulative total returns of the S&P 500 index and the S&P Broadcasting & Cable TV index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on 12/31/2004 and its relative performance is tracked through 12/31/2009.

	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07
Entravision Communications Corporation	100.00	106.23	93.29	94.25	85.27	109.70	102.63	89.10	98.44	111.86	124.91
S&P 500	100.00	97.85	99.19	102.77	104.91	109.33	107.75	113.86	121.48	122.26	129.94
S&P Broadcasting	100.00	101.18	92.51	90.29	83.47	82.68	96.87	104.57	120.19	113.46	121.85

	9/07	12/07	3/08	6/08	9/08	12/08	3/09	6/09	9/09	12/09
Entravision Communications Corporation	110.42	93.77	79.76	48.14	32.22	18.68	3.11	5.75	20.72	40.72
S&P 500	132.58	128.16	116.05	112.89	103.44	80.74	71.85	83.30	96.30	102.11
S&P Broadcasting	111.54	92.83	91.51	92.38	88.48	51.79	24.68	44.73	78.25	91.57

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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. In addition, our syndicated bank credit facility restricts 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, 2009:

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)	11,409,998(2)	$ 8.90(3)	10,090,002
Employee Stock Purchase Plan	N/A(4)	N/A(4)	3,997,062
Equity compensation plans not approved by security holders			
Total	11,409,998	$ 8.90	14,087,064

(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 1,240,350 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.

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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.

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, 2009.

Under the terms of the amended credit facility agreement, we are prevented from making future repurchases of our Class A common stock except under a limited circumstance which we utilized in May 2009 and may utilize again in the future. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources below.

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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, 2009, 2008 and 2007 and with respect to our consolidated balance sheets as of December 31, 2009 and 2008 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, 2006 and 2005 and the consolidated balance sheet data as of December 31, 2007, 2006 and 2005 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 1 to Notes to Consolidated Financial Statements). The consolidated statement of operations for the year ended December 31, 2008 and the balance sheet as of December 31, 2008 have been restated to reflect a correction of an error relating to our deferred assets and related income tax benefit (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)

	Years Ended December 31,				
	2009	2008 As Restated	2007	2006	2005
Statements of Operations Data:					
Net revenue	$ 189,231	$ 232,335	$ 250,046	$ 255,134	$ 246,766
Direct operating expenses	83,902	100,801	99,608	98,306	96,195
Selling, general and administrative expenses	38,278	43,709	44,267	46,260	46,834
Corporate expenses	14,918	17,117	17,353	17,520	16,255
Gain on sale of assets				(26,160)	
Depreciation and amortization	21,033	23,412	22,565	21,769	23,802
Impairment charge	50,648	610,456		189,661	
	208,779	795,495	183,793	347,356	183,086
Operating income (loss)	(19,548)	(563,160)	66,253	(92,222)	63,680
Interest expense	(27,948)	(43,093)	(49,405)	(29,431)	(29,848)
Interest income	459	1,894	4,809	1,602	966
Gain (loss) on debt extinguishment	(4,716)	9,813			(27,969)
Income (loss) before income taxes	(51,753)	(594,546)	21,657	(120,051)	6,829
Income tax (expense) benefit	1,917	70,086	18,047	(2,273)	(5,025)
Income (loss) before equity in net income (loss) of nonconsolidated affiliate and discontinued operations	(49,836)	(524,460)	39,704	(122,324)	1,804
Equity in net income (loss) of nonconsolidated affiliate	(236)	(166)	336	(152)	(144)

Income (loss) from continuing operations	(50,072)	(524,626)	40,040	(122,476)	1,660
Loss from discontinued operations		(3,930)	(83,157)	(12,123)	(11,317)
Net loss	(50,072)	(528,556)	(43,117)	(134,599)	(9,657)
Net loss applicable to common stockholders	$ (50,072)	$ (528,556)	$ (43,117)	$ (134,599)	$ (9,657)
Net loss per share applicable to common stockholders, basic and diluted	$ (0.60)	$ (5.84)	$ (0.42)	$ (1.27)	$ (0.08)
Weighted average common shares outstanding, basic	83,972,709	90,560,685	102,382,307	106,078,486	124,293,792
Weighted average common shares outstanding, diluted	83,972,709	90,560,685	103,020,657	106,078,486	124,484,472

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	Years Ended December 31, 2009	2008 As Restated	2007	2006	2005
Other Data:					
Capital expenditures	$ 6,961	$ 16,860	$ 14,284	$ 21,885	$ 18,190
Balance Sheet Data:					
Cash and cash equivalents	$ 27,666	$ 64,294	$ 86,945	$ 118,525	$ 65,610
Total assets	487,927	592,983	1,366,148	1,418,664	1,743,159
Long-term debt, including current portion	363,949	406,523	484,078	497,770	506,602
Total stockholders equity	$ 25,235	$ 72,094	$ 657,810	$ 751,719	$ 1,028,933

The Company is also restating the consolidated statements of operations for the three- and nine-month periods ended September 30, 2008 to reflect a correction of an error relating to our deferred taxes and related income tax benefit (see Note 2 and Note 17 to Notes to Consolidated Financial Statements):

	Three-Month Period Ended September 30, 2008		Nine-Month Period Ended September 30, 2008	
	As Reported	As Restated	As Reported	As Restated
Statements of Operations Data:				
Net revenue	$ 60,988	$ 60,988	$ 179,573	$ 179,573
Direct operating expenses	25,583	25,583	76,258	76,258
Selling, general and administrative expenses	11,394	11,394	33,026	33,026
Corporate expenses	3,772	3,772	12,703	12,703
Depreciation and amortization	5,998	5,998	17,185	17,185
Impairment charge	440,020	440,020	440,020	440,020
	486,767	486,767	579,192	579,192
Operating loss	(425,779)	(425,779)	(399,619)	(399,619)
Interest expense	(8,172)	(8,172)	(27,595)	(27,595)
Interest income	622	622	1,339	1,339
Loss before income taxes	(433,329)	(433,329)	(425,875)	(425,875)
Income tax benefit	78,847	62,896	76,167	60,216
Loss before equity in net loss of nonconsolidated affiliate and discontinued operations	(354,482)	(370,433)	(349,708)	(365,659)
Equity in net loss of nonconsolidated affiliate	(9)	(9)	(173)	(173)
Loss from continuing operations	(354,491)	(370,442)	(349,881)	(365,832)
Loss from discontinued operations			(1,573)	(1,573)
Net loss applicable to common stockholders	$ (354,491)	$ (370,442)	$ (351,454)	$ (367,405)
Net loss per share applicable to common stockholders, basic and diluted	$ (3.98)	$ (4.16)	$ (3.82)	$ (3.99)
Weighted average common shares outstanding, basic	89,130,413	89,130,413	92,029,671	92,029,671
Weighted average common shares outstanding, diluted	89,130,413	89,130,413	92,029,671	92,029,671

	September 30, 2008	
	As Reported	As Restated
Other Data:		
Capital expenditures	$ 13,495	$ 13,495
Balance Sheet Data:		
Cash and cash equivalents	$ 117,574	$ 117,574
Total assets	824,653	824,653
Long-term debt, including current portion	473,002	473,002
Total stockholders equity	$ 252,647	$ 236,696

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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, 2009, 2008 and 2007 and consolidated financial condition as of December 31, 2009 and 2008 should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this document.

Restatement of Previously Issued Consolidated Financial Statements

In this Annual Report on Form 10-K for the year ended December 31, 2009, we are restating our consolidated financial statements (and related disclosures) as of and for the year ended December 31, 2008, which are included in Financial Statements and Supplementary Data in Item 8. This Form 10-K also (i) reflects the restatement of Selected Financial Data in Item 6 as of and for the year ended December 31, 2008 and (ii) amends Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 as it relates to the year ended December 31, 2008. We do not intend to file any other amended Annual Reports on Form 10-K. For this reason, the Consolidated Financial Statements and related financial information as of and for the year ended December 31, 2008 contained in any of our previously filed financial reports should no longer be relied upon as filed.

During 2009, we identified an error in the income tax benefit related to our valuation allowance for the year ended December 31, 2008. This error related to the tax effect of the adjustments to the carrying value of indefinite-lived intangible assets due to the impairment charges we recorded during 2008. This error and its correction is solely the result of originations and reversals of deferred tax differences and their effect on the valuation allowance recorded on the deferred tax assets. As a result, the income tax benefit decreased by $40.6 million for the year ended December 31, 2008, which results in a corresponding increase in loss from continuing operations, net loss and accumulated deficit and a decrease in stockholders equity. The long-term deferred income tax liability increased by $42.5 million and the current deferred tax asset, which is recorded in the line prepaid expenses and other current assets on the balance sheet, increased by $1.9 million. Accordingly, the annual results of operations for the period ended December 31, 2008 have been restated. For additional information, please see Note 2, Restatement of Previously Issued Consolidated Financial Statements, to Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

The correction of these adjustments had no effect on net revenue, operating income (loss) or income (loss) before income taxes. There was no impact to cash flows from operating activities, investing activities and financing activities.

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The effect of the restatement on the Company s consolidated balance sheet as of December 31, 2008 and consolidated statement of operations for year ended December 31, 2008 is as follows (in thousands, except per share data):

BALANCE SHEET DATA:

	December 31, 2008	
	As Reported	As Restated
Current Assets		
Cash and cash equivalents	$ 64,294	$ 64,294
Trade receivables	44,855	44,855
Prepaid expenses and other current assets	5,252	7,196
Total current assets	114,401	116,345
Total Assets	$ 591,039	$ 592,983
Current liabilities	58,767	58,767
Long-term debt	405,521	405,521
Other long-term liabilities	14,038	14,038
Deferred income taxes		42,563
Total liabilities	478,326	520,889
Accumulated deficit	(822,045)	(862,664)
Total stockholders equity	112,713	72,094
Total liabilities and stockholders equity	$ 591,039	$ 592,983

STATEMENTS OF OPERATIONS DATA:

	For the Year Ended December 31, 2008	
	As Reported	As Restated
Net revenue	$ 232,335	$ 232,335
Operating loss	(563,160)	(563,160)
Loss before income taxes	(594,546)	(594,546)
Income tax benefit	110,705	70,086
Net loss applicable to common stockholders	$ (487,937)	$ (528,556)
Net loss per share, basic and diluted	$ (5.39)	$ (5.84)

All amounts referenced to December 31, 2008 and the year then ended in this Form 10-K reflect such amounts on a restated basis. Also, comparisons of 2009 and 2008 to any other years in discussions contained in this Form 10-K have been revised from those included in our

Annual Report on Form 10-K for 2008 as necessary to reflect the restated information contained herein.

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, 2009 was $189 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 from sales of national and local advertising time on television and radio stations. Advertising rates are, in large part, based on each medium s ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast. We do not obtain long-term commitments from our advertisers and, consequently, they may cancel, reduce or postpone orders without penalties. We pay commissions to agencies for local, regional and national advertising. For contracts directly with agencies, we record net revenue from these agencies. Seasonal revenue fluctuations are common in the broadcasting industry and are due primarily to variations in advertising expenditures by both local and national advertisers. 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 2009 and 2008 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 2009, we were confronted with a significant advertising downturn, both in television and radio, primarily as a result of the global financial crisis and recession. Nevertheless, our audience shares remained strong in the nation s most densely populated Hispanic markets. We believe that we will continue to face uncertainty in 2010 as our advertising customers are forced to make difficult choices in the current economic environment. On the other hand, we anticipate that we will generate incremental revenue from World Cup, political activity and the census during 2010 as compared to 2009 in both our television and radio segments. Additionally, we anticipate that retransmission consent revenue will continue to be a growing source of net revenues during 2010 and thereafter.

Net revenue for our television segment decreased to $124.4 million in 2009 from $145.9 million in 2008. This decrease of $21.5 million, or 15%, in net revenue was primarily due to a decrease in local and national advertising rates, which in turn was primarily due to the weak economy. On the other hand, we generated $9.5 million of retransmission consent revenue. We anticipate that retransmission consent revenue will continue to be a growing source of net revenues.

Net revenue for our radio segment decreased to $64.8 million in 2009, from $86.4 million in 2008. This decrease of $21.6 million, or 25%, in net revenue was primarily due to a decrease in local and national advertising sales and advertising rates, which in turn was primarily due to the weak economy. Nevertheless, we continued to concentrate our efforts on local sales, which accounted for 75% of total radio segment sales for the year ended 2009.

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We continue to experience ratings growth in many of our radio markets where we broadcast José: Nunca Sabes Lo Que Va A Tocar (You never know what he ll play), which features a mix of Spanish-language adult contemporary and Mexican regional hits from the 1970s through the present, as well as our stations that are broadcasting the Piolin por la Mañana, syndicated morning show, one of the highest-rated Spanish-language radio programs in the country. In January 2009, we converted one of our Los Angeles radio stations from English-language to Spanish-language and introduced a new format, El Gato, an upbeat and energetic regional Mexican format, and our ratings for this station have since increased by 233%, as measured by the Arbitron survey of October, November and December of 2009 compared to the same period in 2008, for adults 18-34 years of age.

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 restricted from engaging in future acquisitions under the terms of the amended credit facility 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, 2009 and 2008, the amount we paid Univision in this capacity was $6.6 and $9.5 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 year ended December 31, 2009, retransmission consent revenue accounted for approximately $9.5 million.

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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RESULTS OF OPERATIONS

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

	Years Ended December 31,			% Change	% Change
	2009	2008 As Restated	2007	2009 to 2008	2008 to 2007
Net Revenue					
Television	$ 124,437	$ 145,938	$ 156,375	(15)%	(7)%
Radio	64,794	86,397	93,671	(25)%	(8)%
Consolidated	189,231	232,335	250,046	(19)%	(7)%
Direct operating expenses					
Television	52,424	64,095	64,242	(18)%	(0)%
Radio	31,478	36,706	35,366	(14)%	4%
Consolidated	83,902	100,801	99,608	(17)%	1%
Selling, general and administrative expenses					
Television	20,279	22,120	23,072	(8)%	(4)%
Radio	17,999	21,589	21,195	(17)%	2%
Consolidated	38,278	43,709	44,267	(12)%	(1)%
Depreciation and amortization					
Television	15,680	17,824	17,257	(12)%	3%
Radio	5,353	5,588	5,308	(4)%	5%
Consolidated	21,033	23,412	22,565	(10)%	4%
Segment operating profit					
Television	36,054	41,899	51,804	(14)%	(19)%
Radio	9,964	22,514	31,802	(56)%	(29)%
Consolidated	46,018	64,413	83,606	(29)%	(23)%
Corporate expenses	14,918	17,117	17,353	(13)%	(1)%
Impairment charge	50,648	610,456		(92)%	*
Operating income (loss)	$ (19,548)	$ (563,160)	$ 66,253	(97)%	*
Consolidated adjusted EBITDA (1)	$ 55,312	$ 74,104	$ 91,779	(25)%	(19)%
Capital expenditures					
Television	$ 5,839	$ 13,329	$ 11,293		
Radio	1,122	3,531	2,991		
Consolidated	$ 6,961	$ 16,860	$ 14,284		

Total assets			
Television	$ 348,191	$ 396,231	$ 517,878
Radio	139,736	196,752	745,296
Assets held for sale (2)			102,974
Consolidated	$ 487,927	$ 592,983	$ 1,366,148

(footnotes on next page)

* Percentage not meaningful.

(1) Consolidated adjusted EBITDA means net income (loss) plus loss (gain) 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 expense (benefit), equity in net income (loss) of nonconsolidated affiliate 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 loss (gain) 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 and syndication programming amortization and does include syndication programming payments.

Since our ability to borrow from our syndicated bank 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 syndicated bank credit facility contains certain financial covenants relating to the maximum allowed leverage ratio, maximum capital expenditures 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 syndicated bank credit facility. The maximum allowed leverage ratio also affects the interest rate charged for revolving loans, thus affecting our interest expense. Under our syndicated bank credit facility, our maximum allowed leverage ratio may not exceed 6.75 to 1. The actual leverage ratio was as follows (in each case as of December 31): 2009, 6.6 to 1; 2008, 5.5 to 1. Therefore, we were in compliance with this covenant at each of those dates. We entered into an amendment to our credit facility agreement in March 2009, 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 expense, net interest expense, loss on debt extinguishment, loss from discontinued operations, income tax expense (benefit), equity in net income (loss) of nonconsolidated affiliate 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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(2) 2007 amounts represent outdoor advertising assets classified as assets held for sale.

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,		
	2009	2008 As Restated	2007
Consolidated adjusted EBITDA (1)	$ 55,312	$ 74,104	$ 91,779
Interest expense	(27,948)	(43,093)	(49,405)
Interest income	459	1,894	4,809
Gain (loss) on debt extinguishment	(4,716)	9,813	
Income tax benefit	1,917	70,086	18,047
Amortization of syndication contracts	(1,981)	(2,883)	(1,798)
Payments on syndication contracts	2,836	2,840	1,830
Non-cash stock-based compensation included in direct operating expenses	(854)	(633)	(431)
Non-cash stock-based compensation included in selling, general and administrative expenses	(1,142)	(794)	(678)
Non-cash stock-based compensation included in corporate expenses	(2,038)	(1,926)	(1,884)
Depreciation and amortization	(21,033)	(23,412)	(22,565)