

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
2010 Second Quarter Reporting Package

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
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Independent Accountant's Report

The Board of Directors
Univision Communications Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Univision Communications Inc. and subsidiaries as of June 30, 2010, and the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2010 and 2009, and the condensed consolidated statements of changes in stockholder's deficit and statements of cash flows for the six-month periods ended June 30, 2010 and 2009. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the American Institute of Certified Public Accountants, the consolidated balance sheet of Univision Communications Inc. and subsidiaries as of December 31, 2009, and the related consolidated statements of operations, changes in stockholder's deficit, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

New York, New York
July 29, 2010

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)

	June 30, 2010	December 31, 2009
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 206,600	\$ 244,600
Short-term investment fund.....	—	19,000
Accounts receivable, net.....	547,900	229,200
Program rights and prepayments.....	63,900	97,500
Deferred tax assets.....	74,700	82,500
Prepaid expenses and other.....	42,300	43,500
Total current assets.....	935,400	716,300
Property and equipment, net.....	612,600	608,100
Intangible assets, net.....	3,959,800	3,960,300
Goodwill.....	4,885,900	4,885,900
Deferred financing costs.....	158,500	177,200
Program rights and prepayments.....	9,800	7,500
Investments.....	7,900	31,200
Other assets.....	22,700	30,100
Total assets.....	\$ 10,592,600	\$ 10,416,600
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 153,200	\$ 178,500
Deferred advertising revenue.....	101,500	103,300
Income taxes payable.....	3,000	3,100
Accrued interest.....	33,600	72,700
Accrued license fees.....	23,600	23,500
Program rights obligations.....	18,000	9,500
Interest rate swap liability.....	4,300	75,100
Current portion of long-term debt and capital lease obligations.....	372,800	145,900
Total current liabilities.....	710,000	611,600
Long-term debt and capital lease obligations.....	10,033,100	10,011,500
Deferred tax liabilities.....	875,100	840,900
Deferred advertising revenue.....	430,400	473,500
Other long-term liabilities.....	166,700	159,200
Total liabilities.....	12,215,300	12,096,700
Stockholder's deficit:		
Common stock, \$0.01 par value; 100,000 shares authorized in 2010 and 2009; 1,000 shares issued and outstanding at June 30, 2010 and December 31, 2009.....	—	—
Additional paid-in-capital.....	3,981,200	3,980,500
Accumulated deficit.....	(5,595,300)	(5,627,300)
Accumulated other comprehensive loss.....	(8,600)	(33,300)
Total stockholder's deficit.....	(1,622,700)	(1,680,100)
Total liabilities and stockholder's deficit.....	\$ 10,592,600	\$ 10,416,600

See Notes to Condensed Consolidated Financial Statements

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net revenue	\$ 639,800	\$ 519,500	\$ 1,093,500	\$ 929,800
Direct operating expenses	236,000	162,300	392,000	303,000
Selling, general and administrative expenses.....	146,900	146,100	273,500	271,100
Impairment loss.....	5,200	27,000	5,200	29,100
Restructuring, severance and related charges	4,500	2,700	6,200	2,900
Televisa settlement and related charges.....	—	900	—	6,900
Depreciation and amortization	29,300	32,800	60,400	66,400
Operating income.....	217,900	147,700	356,200	250,400
Other expense (income):				
Interest expense	136,900	171,300	309,900	328,400
Interest income	(800)	(7,400)	(8,600)	(10,200)
Interest rate swap expense (income).....	5,100	700	(20,600)	3,100
Amortization of deferred financing costs	9,600	9,200	19,200	20,800
(Gain) loss on investments	—	—	(4,900)	19,800
Loss on sale of receivables	—	19,400	—	36,000
Accounts receivable facility costs	600	—	1,200	—
Loss on extinguishment of debt.....	—	2,600	—	2,600
Equity income in unconsolidated subsidiaries and other.....	(1,200)	(1,500)	(2,100)	(2,400)
Income (loss) from continuing operations before income taxes	67,700	(46,600)	62,100	(147,700)
Provision (benefit) for income taxes	32,400	(19,400)	29,900	(66,300)
Income (loss) from continuing operations	35,300	(27,200)	32,200	(81,400)
Loss from discontinued operation, net of income taxes	—	(500)	(200)	(1,400)
Net income (loss).....	\$ 35,300	\$ (27,700)	\$ 32,000	\$ (82,800)

See Notes to Condensed Consolidated Financial Statements

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDER'S DEFICIT
(Unaudited and in thousands)

	Common Stock	Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2008	\$ —	\$ 3,981,000	\$ (5,375,200)	\$ (105,600)	\$ (1,499,800)
Components of comprehensive loss:					
Net loss	—	—	(82,800)	—	(82,800)
Amortization of unrealized gain on hedging activities, net of tax of \$22.4 million	—	—	—	34,500	34,500
Total comprehensive loss	—	—	—	—	(48,300)
Share-based compensation	—	2,200	—	—	2,200
Balance, June 30, 2009	<u>\$ —</u>	<u>\$ 3,983,200</u>	<u>\$ (5,458,000)</u>	<u>\$ (71,100)</u>	<u>\$ (1,545,900)</u>
Balance, December 31, 2009	\$ —	\$ 3,980,500	\$ (5,627,300)	\$ (33,300)	\$ (1,680,100)
Components of comprehensive income:					
Net income	—	—	32,000	—	32,000
Unrealized gains, losses and amortization on derivatives, net of tax of \$16.1 million	—	—	—	24,700	24,700
Total comprehensive income	—	—	—	—	56,700
Share-based compensation	—	700	—	—	700
Balance, June 30, 2010	<u>\$ —</u>	<u>\$ 3,981,200</u>	<u>\$ (5,595,300)</u>	<u>\$ (8,600)</u>	<u>\$ (1,622,700)</u>

See Notes to Condensed Consolidated Financial Statements

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net income (loss).....	\$ 32,000	\$ (82,800)
Loss from discontinued operation.....	(200)	(1,400)
Income (loss) from continuing operations	32,200	(81,400)
Adjustments to reconcile income (loss) from continuing operations to net cash (used in) provided by operating activities:		
Depreciation.....	34,400	41,400
Amortization of intangible assets.....	26,000	25,000
Amortization of deferred financing costs	19,200	20,800
Deferred income taxes	29,200	(64,900)
(Gain) loss on investments and other	(5,500)	19,800
Non-cash advertising revenue	(30,700)	(28,900)
Interest rate swap expense (income).....	(20,600)	3,100
Non-cash paid-in-kind interest	85,400	45,900
Impairment loss	5,200	29,100
Loss on extinguishment of debt	—	2,600
Other non-cash items	(700)	1,500
Changes in assets and liabilities:		
Accounts receivable, net.....	(138,700)	179,600
Program rights and prepayments	27,000	4,500
Prepaid expenses and other.....	900	(2,900)
Accounts payable and accrued liabilities	(25,300)	(17,700)
Income taxes payable	(3,200)	(4,800)
Accrued interest.....	(39,000)	(14,000)
Accrued license fees.....	100	(2,000)
Program rights obligations.....	12,300	(3,100)
Deferred advertising revenue.....	(14,200)	(10,800)
Other long-term liabilities	(6,000)	(7,400)
Other	(6,700)	(5,000)
Net cash (used in) provided by operating activities	(18,700)	130,400
Cash flows from investing activities:		
Proceeds from short-term investment fund	23,900	41,300
Proceeds from sale of music business, investments and other.....	13,100	12,700
Capital expenditures	(35,300)	(22,000)
Other, net.....	500	700
Net cash provided by investing activities	2,200	32,700
Cash flows from financing activities:		
Proceeds from issuance of long-term debt.....	29,100	—
Payments of deferred financing costs.....	(400)	(9,400)
Payments of long-term debt and capital leases	(50,200)	(538,300)
Net cash used in financing activities	(21,500)	(547,700)
Net decrease in cash and cash equivalents.....	(38,000)	(384,600)
Cash and cash equivalents, beginning of period.....	244,600	692,800
Cash and cash equivalents, end of period.....	\$ 206,600	\$ 308,200
Supplemental disclosure of cash flow information:		
Interest paid.....	\$ 251,900	\$ 297,400
Income taxes paid.....	\$ 2,900	\$ 11,100

See Notes to Condensed Consolidated Financial Statements

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2010
(Unaudited)

(Dollars in thousands, except share and per-share data, unless otherwise indicated)

1. Summary of Significant Accounting Policies

Nature of operations—Univision Communications Inc., together with its subsidiaries (the “Company” or “Univision”), is the leading Spanish-language media company in the United States and has continuing operations in three business segments: television, radio and interactive media. The Company’s television operations include the Univision and TeleFutura networks, Galavisión, the Company’s cable television network and the Company’s owned and operated television stations. Univision Radio, Inc. operates the Company’s radio business, which includes its owned and operated radio stations and radio network. Univision interactive media operates the Company’s Internet portal, *Univision.com* and provides a full suite of mobile offerings.

The Company’s music division, which was sold on May 5, 2008, is a discontinued operation; therefore, the music division’s results of operations, assets and liabilities are reported as a discontinued operation for all periods presented in the accompanying consolidated financial statements.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Music division net revenue	\$ —	\$ —	\$ —	\$ —
Music division loss from discontinued operation	—	(700)	(400)	(2,200)
Music division benefit for income taxes	—	(200)	(200)	(800)
Music division loss from discontinued operation, net of income taxes	<u>\$ —</u>	<u>\$ (500)</u>	<u>\$ (200)</u>	<u>\$ (1,400)</u>

Basis of presentation—The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) for interim financial statements. The interim financial statements are unaudited, but include all adjustments, which are of a normal recurring nature, that management considers necessary to fairly present the financial position and the results of operations for such periods. Results of operations of interim periods are not necessarily indicative of results for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements in the Company’s Annual Reporting Package for the year ended December 31, 2009.

Principles of consolidation— The consolidated financial statements include the accounts and operations of the Company and its majority owned subsidiaries. The Company evaluates consolidation of entities under Accounting Standards Codification (“ASC” or “Codification”) 810-10-05, *Consolidation of Variable Interest Entities*, which requires management to evaluate whether an entity or interest is a variable interest entity (“VIE”) and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. The Company has determined that the special purpose entities associated with its accounts receivable facility are VIE’s for which the Company is the primary beneficiary. This determination was based on the fact that the special purpose entities associated with the accounts receivable facility lack sufficient equity to finance their activities without additional support from the Company and, additionally, that the Company retains the risks and rewards of their activities. Based upon these facts, the Company has consolidated the special purpose entities associated with the accounts receivable facility. All intercompany accounts and transactions have been eliminated. See Note 2. *Supplemental Balance Sheet Information* for more details on the accounts receivable facility’s special purpose entities.

For investments in which the Company owns 20% to 50% of the voting shares and has significant influence over the operating and financial policies, the equity method of accounting is used. Accordingly, the Company’s share of the earnings and losses of these companies are included in the equity income in unconsolidated subsidiaries in the accompanying consolidated statements of operations of the Company. For investments in which the Company owns less than 20% or owns non-voting shares and does not have significant influence over operating and financial policies of the investees, the cost method of accounting is used. Under the cost method of accounting, the Company does not record its share in the earnings and losses of the companies in which it has an investment.

Use of estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including impairments, during the reporting period. Actual results could differ from those estimates.

Revenue recognition— Net revenue comprises gross revenues from the Company’s television and radio broadcast, cable and interactive media businesses, including advertising revenue, subscriber fees, sales commissions on national advertising aired on Univision affiliated television stations, less agency commissions and volume and prompt payment discounts. The amounts deducted from gross revenues for agency commissions and volume and prompt payment discounts aggregate to \$92.5 million and \$150.2 million for the three and six months ended June 30, 2010, respectively. The amounts deducted from gross revenues for agency commissions and volume and prompt payment discounts aggregate to \$72.6 million and \$131.0 million for the three and six months ended June 30, 2009, respectively. The Company’s television and radio revenue is recognized when advertising spots are aired and performance guaranties, if any, are achieved. Subscriber fees received from cable systems and satellite operators are recognized as revenue in the period that services are provided. The interactive media business primarily recognizes display advertising and sponsorship advertisement revenue. Display advertising revenue is recognized as “impressions” are delivered and sponsorship revenue is recognized ratably over the contract period. “Impressions” are defined as the number of times that an advertisement appears in pages viewed by users of the Company’s Internet properties. All revenue is recognized only when collection of the resulting receivable is reasonably assured.

The Company has certain contractual commitments, primarily with Grupo Televisa S.A. and its affiliates (“Televisa”), to provide future advertising and promotion time, subject to certain guarantees. The obligations associated with each of these commitments were recorded as deferred revenue at an amount equal to the fair value of the advertising and promotion time as of the date of the agreements providing for these commitments. Deferred revenue is relieved and revenue is recognized as the related advertising and promotion time is provided. See Note 9. *Commitments and Contingencies*.

Accounting for Goodwill, Intangible Assets and Long-Lived Assets—Goodwill and other intangible assets with indefinite lives are tested annually or more frequently if circumstances indicate a possible impairment exists. For indefinite-lived intangible assets, the Company compares the fair value to the corresponding carrying value. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized for the excess carrying value over the fair value. For goodwill, the estimated fair value of a reporting unit is compared to its carrying value, including goodwill (the “Step 1 Test”). In the Step 1 Test, the Company estimates the fair value of each of its reporting units using a combination of discounted cash flows and market-based valuation methodologies. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples and the amount and timing of expected future cash flows. The cash flows employed in the valuation analysis are based on the Company’s best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. For those reporting units whose carrying value exceeds the fair value, a second test is required to measure the impairment loss (the “Step 2 Test”). In the Step 2 Test, the fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit with any residual value being allocated to goodwill. If the allocated amount is less than the carrying value of the goodwill, the difference is recorded as an impairment charge.

Long-lived assets, such as property and equipment, intangible assets subject to amortization and program right prepayments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Derivative instruments— The Company does not use derivative instruments for trading or speculative purposes. The Company has formally documented the relationships between hedging instruments and hedged items, as well as its risk management objectives. As required by ASC 815, *Derivatives and Hedging*, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. For derivatives that have been designated and qualify as cash flow hedges, changes in the fair market value of the effective portion of the derivative’s gains or losses are reported in other comprehensive income (loss) and reclassified into earnings in the same period or periods that the hedged item affects earnings. If the Company ceases to apply hedge accounting or the derivative no longer qualifies for hedge accounting, future changes in the fair value of the derivative will be recorded to earnings and any associated balance in other comprehensive income or loss will be reclassified into earnings in the same periods during which the forecasted transactions that originally were being hedged occur. Any deferred gains or losses associated with derivative instruments, which on infrequent occasions may be terminated prior to maturity, are recognized in earnings in the period in which the underlying hedged item is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, the derivative instrument would be closed and the resulting gain or loss would be recognized in

earnings. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

Fair Value of Financial Instruments and Determination of Appropriate Classification Level for Derivatives—The carrying amounts of certain financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), establishes a framework for fair value measurements which is based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices inactive markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3). The Company’s interest rate derivatives are valued using the framework in ASC 820. The majority of inputs into the valuations of the Company’s over-the-counter (OTC) interest rate derivatives include market-observable data such as interest rate curves, volatilities, and information derived from, or corroborated by, that market-observable data. Additionally, a specific unobservable input used by the Company in determining the fair value of its interest rate derivatives is an estimation of current credit spreads to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. The inputs utilized for the Company’s own credit spread are based on implied spreads from its publicly-traded debt. For counterparties with publicly available credit information, the credit spreads over LIBOR used in the calculations represent implied credit default swap spreads obtained from a third party credit data provider. Once these spreads have been obtained, they are used in the fair value calculation to determine the credit valuation adjustment (“CVA”) component of the derivative valuation. If CVA is a significant component of the derivative valuation, the Company will record the fair value of the derivative in Level 3 of the fair value hierarchy. If required, any transfer between Level 2 and Level 3 will occur at the end of the reporting period.

The Company assesses on a quarterly basis the significance of the inputs to its derivative valuations in its entirety to decide the classification within the fair value hierarchy. Given that the inputs to the fair value calculation for the Company’s derivatives are in the Level 2 (market observable inputs like interest rates, volatility, etc.) and Level 3 (the credit spread) categories, the Company must determine which inputs have a significant impact on the fair value of the derivative to determine which level to classify the fair value of the derivative. To perform that assessment, the Company, in general, considers the CVA as a percentage of notional value (5%) and/or as a percentage of termination (or settlement) value (25%). If the CVA is in excess of these thresholds, the Level 3 inputs are assumed to have a significant impact on the fair value of the derivative in its entirety and the valuation will be classified in the Level 3 category. In situations where these thresholds have not been exceeded, the Company will classify the derivative as a Level 2 instrument. See Note 4. *Financial Instruments and Fair Value Measures*.

Property and Equipment and Related Depreciation—Property and equipment are carried at historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Company removes the cost and accumulated depreciation of its property and equipment upon the disposition of such assets. The resulting gain or loss, if any, is recognized upon the disposition. Land improvements are depreciated up to 15 years, buildings and improvements are depreciated up to 50 years, broadcast equipment over 5 to 20 years and furniture, computer and other equipment over 3 to 7 years. Buildings, leasehold improvements, vehicles and transponder equipment financed with capital leases are amortized over the shorter of their useful life or the remaining life of the lease. Repairs and maintenance costs are expensed by the Company.

Deferred financing costs—Deferred financing costs consist primarily of all payments made by the Company in connection with its debt offerings, primarily ratings fees, legal fees, audit fees and all costs related to the offering circular and the road show. Deferred financing costs are amortized over the life of the related debt using the effective interest method.

Program rights for television broadcast—Costs incurred in connection with the production of or purchase of rights to programs to be broadcast within one year are classified as current assets, while costs of those programs to be broadcast beyond a one year period are considered non-current. Program costs are charged to operating expense as the programs are broadcast. The rights fees related to the World Cups and other major sporting events are amortized using the flow of income method.

Legal costs—Legal costs are expensed as incurred.

Advertising and promotional expenses—The Company expenses advertising and promotional costs in the period in which they are incurred.

Share-based compensation—Compensation expense relating to share-based payments is recognized in earnings using a fair-value measurement method. The Company uses the straight-line attribution method of recognizing compensation expense over the vesting period. The fair value of each new stock option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. Inherent in this model are assumptions related to expected stock-price volatility, option life, risk-free interest rate and dividend yield. The risk-free interest rate is based on data derived from public sources. The expected stock-price volatility,

option life and dividend yield assumptions are primarily based on comparable public company information and require significant judgment which makes them critical accounting estimates.

Concentration of credit risk—Financial instruments that potentially subject the Company to concentrations of risk include primarily cash and cash equivalents, trade receivables and financial instruments used in hedging activities. The Company’s objective for its cash and cash equivalents is to invest in high-quality money market funds that are prime AAA rated, have diversified portfolios and have strong financial institutions backing them. The Company sells its services and products to a large number of diverse customers in a number of different industries, thus spreading the trade credit risk. No one customer represented more than 10% of net revenue of the Company for the three and six months ended June 30, 2010 and 2009. The Company extends credit based on an evaluation of the customers’ financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses. The counterparties to the agreements relating to the Company’s financial instruments consist of major, international institutions. The Company does not believe that there is significant risk of nonperformance by these counterparties as the Company monitors the credit ratings of such counterparties and limits the financial exposure with any one institution. See Note 4. *Financial Instruments and Fair Value Measures*.

New accounting pronouncements— In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-06, *Improving Disclosures about Fair Value Measurements*, which amends ASC 820. This ASU requires disclosures of transfers into and out of Levels 1 and 2, more detailed roll forward reconciliations of Level 3 recurring fair value measurements on a gross basis, fair value information by class of assets and liabilities, and descriptions of valuation techniques and inputs for Level 2 and 3 measurements. This ASU is effective for interim and annual reporting periods beginning after December 15, 2009, except for the roll forward reconciliations, which will be required in the first quarter of fiscal year 2011. With respect to the portions of this ASU that were adopted during 2010, the adoption did not have a material effect on the Company’s consolidated financial statements. The adoption of the remaining portion of this ASU will not have a material effect on the Company’s consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, which amends ASC 605, *Revenue Recognition*, to require companies to allocate revenue in multiple-element arrangements based on an element’s estimated selling price if vendor-specific or other third-party evidence of value is not available. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company does not believe the adoption of ASU 2009-13 will have a significant impact on the Company’s financial statements or disclosures.

In June 2009, the FASB issued ASC 860 *Transfers and Servicing* (“ASC 860”), which requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. ASC 860 eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets and requires additional disclosures. Under ASC 860, effective for fiscal years beginning after January 1, 2010, the Company’s accounts receivable facility no longer qualifies for off-balance sheet financing since the Company only sells a partial interest in the underlying accounts receivable. Beginning January 1, 2010, securitization transactions originating after January 1, 2010 are classified as debt on the Company’s balance sheet. The Company recorded \$180 million of debt and a corresponding amount of accounts receivable on its balance sheet during the quarter ended March 31, 2010. The amount outstanding under the accounts receivable facility as of June 30, 2010 is \$180.0 million.

Subsequent events - The Company evaluates subsequent events and the evidence they provide about conditions existing at the date of the balance sheet as well as conditions that arose after the balance sheet date but before the financial statements are issued. The effects of conditions that existed at the date of the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying consolidated financial statements and the following notes to these financial statements, the Company evaluated subsequent events through July 29, 2010, the date the financial statements were issued.

2. Supplemental Balance Sheet Information

Short-term investment fund

The Company had an investment in the Reserve Primary Fund, a money market fund which in the third quarter of 2008 temporarily suspended redemptions. Based on the September 2008 published values of the Reserve Primary Fund the Company recorded an impairment loss of \$11.3 million, including approximately \$0.3 million of legal fees. Net of this impairment loss and redemptions received through December 31, 2009, the Company had a balance of \$19.0 million in short-term investments. On January 29, 2010, the Company received a distribution of \$23.9 million, which exceeded the Reserve Primary Fund short-term investment asset of \$19.0 million at December 31, 2009. The Company recognized a gain on investment of \$4.9 million for the six months ended June 30, 2010.

	June 30, 2010	December 31, 2009
<i>Accounts receivable, net</i>		
Retained interests in securitized accounts receivable	\$ 532,200	\$ 220,600
Receivables not subject to securitizations	15,700	8,600
Current receivables, including retained interests in securitizations, net	<u>\$ 547,900</u>	<u>\$ 229,200</u>
	June 30, 2010	December 31, 2009
<i>Property and equipment, net</i>		
Land and improvements	\$ 165,900	\$ 162,200
Buildings and improvements	299,200	288,400
Broadcast equipment	233,000	212,500
Furniture, computer and other equipment	117,200	118,800
Building, transponder equipment and vehicles financed with capital leases	34,400	30,700
	849,700	812,600
Accumulated depreciation	(237,100)	(204,500)
	<u>\$ 612,600</u>	<u>\$ 608,100</u>
<i>Accounts Payable and Accrued Liabilities</i>		
Accounts payable and accrued liabilities	\$ 92,000	\$ 111,100
Accrued compensation	61,200	67,400
	<u>\$ 153,200</u>	<u>\$ 178,500</u>

Restructuring, Severance and Related Charges

During the three and six month periods ended June 30, 2010, the Company recorded restructuring, severance and related charges of approximately \$4.5 and \$6.2 million, respectively, including charges resulting from a sales force restructuring and miscellaneous severances. For the six months ended June 30, 2010, restructuring, severance and related charges were approximately \$5.5 million in the television segment and \$0.7 million in the Radio segment. During the three and six months ended June 30, 2009, the Company incurred restructuring charges of \$2.7 million and \$2.9 million related primarily to asset retirement obligations.

3. Intangible Assets and Goodwill

Goodwill and other intangible assets with indefinite lives, such as broadcast licenses, are not amortized and are tested for impairment annually or more frequently if circumstances indicate a possible impairment exists. The television and radio broadcast licenses have indefinite lives because the Company expects to renew them and renewals are routinely granted with little cost, provided that the licensee has complied with the applicable rules and regulations of the Federal Communications Commission ("FCC"). Over the last five years, all material television and radio licenses that have been up for renewal have been renewed. The Company is continuing to explore opportunities provided by the recent conversion of its television stations to digital broadcasting. The Company is unable to predict the effect that further technological changes will have on the television industry or the future results of its television broadcast business. The television and radio broadcast licenses and the related cash flows are expected to continue indefinitely, and as a result the broadcast licenses have an indefinite useful life. In addition, the Company's trademarks, including Univision®, are well known in the industry and given the Company's longevity and wide name brand recognition, the Company has determined that its trademarks have indefinite economic lives. These broadcast licenses, trademarks and certain other intangible assets will not be amortized unless circumstances change indicating their useful lives are deemed to no longer be indefinite.

The Company has various intangible assets that are being amortized on a straight-line basis. Advertiser related intangible assets are being amortized through 2026, the multiple system operator contracts and relationships and broadcast affiliate agreements and relationships are being amortized through 2027 and 2031, respectively, and other amortizable intangible assets are being amortized through 2023. For the three and six months ended June 30, 2010, the Company incurred amortization expense of \$13.0 million and \$26.0 million, respectively. For the three and six months ended June 30, 2009, the Company incurred amortization expense of \$12.5 million and \$25.0 million, respectively. The remaining weighted average amortization period for the amortizable intangible assets is approximately 19 years.

For the three and six months ended June 30, 2010, the Company recorded an impairment loss of \$5.2 million related to certain long-term assets. On July 14, 2009, the Company announced an asset exchange transaction related to its radio segment which closed on October 8, 2009. During the three and six months ended June 30, 2009, the Company recorded impairment losses of \$27.0 and \$29.1 million, respectively, in connection with the assets to be surrendered in that transaction.

The following is an analysis of the Company's intangible assets currently being amortized, intangible assets not being amortized, estimated amortization expense for the years 2010 through 2014, and goodwill by segment:

	As of June 30, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Being Amortized			
Multiple system operator contracts and relationships and broadcast affiliate agreements	\$ 981,700	\$ 140,500	\$ 841,200
Advertiser related intangible assets, primarily advertiser contracts	105,300	44,800	60,500
Other amortizable intangible assets	5,400	2,500	2,900
Total	<u>\$ 1,092,400</u>	<u>\$ 187,800</u>	<u>904,600</u>
Intangible Assets Not Being Amortized			
Broadcast licenses			2,679,000
Trademarks			376,000
Other intangible assets			200
Total			<u>3,055,200</u>
Total intangible assets, net			<u>\$ 3,959,800</u>

	As of December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Being Amortized			
Multiple system operator contracts and relationships and broadcast affiliate agreements	\$ 981,700	\$ 118,900	\$ 862,800
Advertiser related intangible assets, primarily advertiser contracts	105,300	41,400	63,900
Other amortizable intangible assets	5,400	1,500	3,900
Total	<u>\$ 1,092,400</u>	<u>\$ 161,800</u>	<u>930,600</u>
Intangible Assets Not Being Amortized			
Broadcast licenses			2,653,500
Trademarks			376,000
Other intangible assets			200
Total			<u>3,029,700</u>
Total intangible assets, net			<u>\$ 3,960,300</u>

Estimated amortization expense through 2014 is as follows:

Year	Amount
2010	\$ 51,900
2011	\$ 51,900
2012	\$ 50,100
2013	\$ 50,100
2014	\$ 50,100

Goodwill balances are as follows:

	Segments			Total
	Television	Radio	Interactive Media	
Balances as of June 30, 2010 and December 31, 2009				
Goodwill	\$ 6,038,500	\$ 1,127,300	\$ 107,900	\$ 7,273,700
Accumulated impairment losses	(1,468,300)	(819,500)	(100,000)	(2,387,800)
Net	<u>\$ 4,570,200</u>	<u>\$ 307,800</u>	<u>\$ 7,900</u>	<u>\$ 4,885,900</u>

4. Financial Instruments and Fair Value Measures

The Company measures the fair value of financial assets and liabilities in accordance with ASC 820, which requires that fair values be determined, based on the assumptions that market participants would use in pricing the asset or liability. ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Therefore, Level 3 inputs are based on the Company's own assumptions, as there is little, if any, related market activity, and thus requires the use of significant judgment and estimates.

Items Measured at Fair Value on a Recurring Basis as of June 30, 2010

Description	As of June 30, 2010	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Interest rate swaps	\$ 13,600	\$ —	\$ 13,600	\$ —

Interest Rate Swaps— Currently, the Company uses interest rate swaps to manage its interest rate risk. The valuations of these instruments are determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the periods to maturity, and uses observable market-based inputs, including interest rate curves and measures of volatility. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the CVA associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. The inputs utilized for the Company’s own credit spread are based on implied spreads from its publicly-traded debt. For counterparties with publicly available credit information, the credit spreads over LIBOR used in the calculations represent implied credit default swap spreads obtained from a third party credit data provider. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. However, as of June 30, 2010, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Items Measured at Fair Value on a Non-Recurring Basis

Equity Instruments— At June 30, 2010, the Company had 9.4 million shares of Entravision Communications Corporation (“Entravision”) Class U shares which are not publicly traded. The Company follows the guidance in ASC 320, *Investments – Debt and Equity Securities*, in determining whether a decline in fair value below carrying value is other than temporary. The Company monitors Entravision’s Class A common stock, which is publicly traded, as well as Entravision’s financial results, operating performance and the outlook for the media industry in general for indicators of impairment.

Based on market prices at June 30, 2010, the fair market value of the Company’s investment in Entravision was \$19.7 million which exceeds the carrying value of approximately \$2.4 million in investments. The fair value of the Company’s investment in Entravision is based on Level 1 inputs.

On March 26, 2009, the Company sold 6.3 million shares of Entravision stock for \$2.2 million in order to comply with the United States Department of Justice consent decree that required the Company as of that date to own not more than 10% on a fully converted basis, which includes full exercises of employee options and conversion of all convertible securities and recorded a loss of \$7.6 million. During the six months ended June 30, 2009, the Company recorded a charge related to an other-than-temporary decline in the value of its investment in Entravision of \$12.2 million.

5. Related Party Transactions

Management Fee Agreement

On March 29, 2007, the Company entered into a management agreement with its parent, Broadcasting Media and an investor group that includes affiliates of Madison Dearborn Partners LLC, Providence Equity Partners Inc., Saban Capital Group Inc., TPG Capital, and Thomas H. Lee Partners L.P. (collectively the “Sponsors”) under which certain affiliates of the Sponsors provide the Company with management, consulting and advisory services for a quarterly aggregate service fee of 2% of operating income before depreciation and amortization, subject to certain adjustments, as well as reimbursement of out-of-pocket expenses. The management fee for the three and six months ended June 30, 2010 was \$5.6 million and \$9.6 million, respectively. The management fee for the three and six months ended June 30, 2009 was \$5.6 million and \$10.6 million, respectively. This cost is included in selling, general and administrative expenses on the statements of operations.

On January 29, 2008, Broadcasting Media entered into a consulting agreement with an entity controlled by the Chairman of the Board of Directors. See Note 8. *Share-Based Compensation*.

Sponsor Related Transactions

The Sponsors are private investment firms that have investments in companies that do business with Univision. No individual Sponsor has a controlling ownership interest in Univision. The Sponsors have controlling ownership interests or ownership interests with significant influence with companies that do business with Univision. In the opinion of management, all business conducted by Univision with companies that the Sponsors have an ownership in are transactions entered into in the ordinary course of business.

6. Debt

Long-term debt consists of the following as of:

	June 30, 2010	December 31, 2009
Bank senior secured revolving credit facility	\$ 594,200	\$ 565,000
Bank senior secured term loans	7,403,000	7,450,000
Senior notes—9.75%/10.50% due 2015	1,661,600	1,578,800
Senior notes—12.0% due 2014	512,400	509,500
Senior notes—7.85% due 2011	7,500	7,500
Accounts receivable facility.....	180,000	—
	<u>10,358,700</u>	<u>10,110,800</u>
Less current portion.....	(366,200)	(139,700)
Long-term debt.....	9,992,500	9,971,100
Long-term Capital lease obligations.....	40,600	40,400
Long-term debt and capital lease obligation.....	<u>\$ 10,033,100</u>	<u>\$ 10,011,500</u>

Bank Senior Secured Revolving Credit Facility

On June 19, 2009, the Company amended its 7-year, \$750 million bank senior secured revolving credit facility due 2014, (the “Credit Agreement”) to modify the financial covenant contained in the Credit Agreement and specify the amount of certain adjustments allowed in the calculation of the Company’s EBITDA for the purpose of complying with the financial covenant. Pursuant to the amendment, the Company repaid revolving loans in the amount equal to \$150 million (with simultaneous reductions in the related commitments) with cash on hand, reducing the Company’s revolving credit facility from \$750 to \$600 million. Interest accrues at a floating rate, which can be either a Eurodollar rate plus an applicable margin or, at the Company’s option, an alternative base rate (defined as the higher of (x) the Deutsche Bank AG New York Branch prime rate and (y) the federal funds effective rate, plus one half percent (0.50%) per annum) plus an applicable margin. The Company has the option to make monthly or quarterly interest payments on this facility. For the six months ended June 30, 2010, the effective interest rate related to this facility was 2.6%. At June 30, 2010, there was \$594.2 million outstanding on this facility. At June 30, 2010, after giving effect to borrowings and outstanding letters of credit, the Company is fully drawn on this facility.

Bank Senior Secured Term Loan Facility and Draw Term Loan

The bank senior secured term loan facility is a 7.5 year facility, totaling \$7 billion due 2014 and accrues interest at a floating rate, which can be either a Eurodollar rate plus an applicable margin or, at the borrower’s option, an alternative base rate (defined as the higher of (x) the Deutsche Bank AG New York Branch prime rate and (y) the federal funds effective rate, plus one half percent (0.50%) per annum) plus an applicable margin. In addition the Company has a 7.5 year, \$450 million bank senior secured draw term loan facility due 2014 which is fully drawn. The Company has the option to make monthly or quarterly interest payments on these facilities. For the six months ended June 30, 2010, the effective interest rate related to the senior secured term loan facility was 4.7%, including the impact of the interest rate swaps, and 3.0% excluding the impact of the interest rate swaps. For the six months ended June 30, 2010, the effective interest rate related to the senior secured draw term loan was 2.5%. During the quarter ended June 30, 2010, the Company made its first required quarterly payment of 0.625% of the aggregate principal amount of these facilities. The repayment percentage will be reduced to 0.25% beginning June 30, 2012.

Senior Notes—9.75%/10.5% due 2015

The 9.75% senior notes are 8 year notes due 2015, totaling \$1.7 billion and accruing interest at a fixed rate. For any interest period after September 15, 2007 through March 15, 2012, the Company may elect to pay interest on the notes entirely by cash, by increasing the principal amount of the notes or by issuing new notes (“PIK interest”) for the entire amount of the interest payment or by paying interest on half of the principal amount of the notes in cash and half in PIK interest. After March 15, 2012, all interest on the notes will be payable entirely in cash. PIK interest will be paid at the maturity of the senior notes. The notes bear interest at 9.75% and PIK interest accrues at 10.50%. Interest is payable on these senior notes on March 15th and September 15th each year. The Company has elected the PIK interest option for the payment periods ending September 15, 2009 through September 15, 2010 to enhance liquidity in light of the continuing uncertainty in the financial markets. The Company will evaluate this option prior to the beginning of each eligible period, taking into account market conditions and other relevant factors at that time.

Senior Notes—12% due 2014

The \$545.0 million principal amount of the 2014 senior notes mature on July 1, 2014 and pay interest on January 1st and July 1st of each year, commencing on January 1, 2010. Interest on the 2014 senior notes accrues at a fixed rate of 12% per annum and is payable in cash. The Company received proceeds, net of original issue discount, of \$506.9 million from the issuance of the 2014 senior notes. The original issue discount related to these senior notes was \$38.1 million and the effective interest rate for the six months ended June 30, 2010 was 13.95%.

Senior Notes—7.85% due 2011

On July 9, 2009, the Company repurchased \$492.6 million aggregate principal amount of the outstanding 2011 senior notes through a tender offer with the proceeds from the issuance of 12% senior secured notes due 2014. The Company incurred consent solicitation fees of \$14.7 million associated with the tender offer. At June 30, 2010, the outstanding balance of the 2011 senior notes was \$7.5 million. These senior notes pay interest on January 15th and July 15th of each year. In conjunction with the tender offer, the Company also obtained consents to certain amendments to the indenture governing the 2011 senior notes. The amendments to the indenture governing the 2011 senior notes allow the Company (other than during the existence of an event of default under the indenture) to eliminate the liens covenant in the indenture governing the 2011 senior notes at its option, and release the collateral relating to the 2011 senior notes. The amendments also eliminated the reporting and certain other covenants and waived the applicability of the liens covenant in the indenture governing the 2011 senior notes as to the 2014 senior notes described above.

Accounts Receivable Facility

On March 31, 2009, the Company entered into a three-year, \$250 million revolving accounts receivable sale facility, expiring March 31, 2012, the proceeds of which are available for general corporate purposes. This Facility was increased to \$295 million on June 22, 2009 and subsequently amended on October 7, 2009 to increase the borrowing capacity to \$300 million and extend the term for \$255 million to December 15, 2013. Interest is paid monthly on this facility.

Through the facility, as amended, (the “Facility”) the Company sells to investors, on a revolving non-recourse basis, a percentage ownership interest in certain accounts receivable through wholly-owned special purpose entities. The Company retains interests in the trade receivables that have not been sold to investors. The Facility was entered into pursuant to a receivables sale agreement, (as amended, the “Purchase Agreement”), between Univision Receivables Co., LLC, a bankruptcy-remote subsidiary in which the Company and its parent, Broadcasting Media Partners, Inc (“Broadcasting Media”) each holds a 50% voting interest (the “Receivables Entity”), certain financial institutions as purchasers, the CIT Group/Business Credit, Inc., as administrative agent, CIT Capital Securities, LLC, as lead arranger and General Electric Capital Corporation, as a purchaser agent and as agent for the purchasers. The Company holds a 100% economic interest in the Receivables Entity. The Receivables Entity acquires 100% ownership of certain accounts receivable from separate dedicated special purpose entities that are wholly-owned by the related accounts receivable originators, which are Company subsidiaries. The assets of the special purpose entities and the Receivables Entity are not available to satisfy the obligations of Univision Communications Inc. or its other subsidiaries.

Pursuant to the Purchase Agreement, the Receivables Entity may, from time to time, sell a senior undivided interest in specified accounts receivable generated by certain subsidiaries of the Company to the purchasers during the term of the Purchase Agreement. The Company continues to service the receivables sold under the Facility. The maximum availability under the Facility may be decreased subject to certain terms of the Purchase Agreement. The Facility is comprised of a \$180 million term component and a \$120 million revolving component. At June 30, 2010, the Company had \$180 million outstanding under the Facility. At June 30, 2010 the interest rate on the Facility was 7.5%, comprised of LIBOR plus 4.50% per annum, with a 3.00% floor on LIBOR. In addition, the Receivables Entity is obligated to pay a commitment fee to the purchasers, such fee to be calculated based on the unused portion of the Facility. The Purchase Agreement contains customary default and termination provisions, which provide for the early termination of the Facility upon the occurrence of certain specified events including, but not limited to, failure by the Receivables Entity to pay

amounts due, defaults on certain indebtedness, change in control, bankruptcy and insolvency events. The Receivables Entity is consolidated in the Company's consolidated financial statements.

Prior to January 1, 2010, the Facility and the borrowings thereunder qualified for off-balance sheet financing. Under ASC 860, effective for fiscal years beginning on January 1, 2010, the Facility no longer qualifies for off-balance sheet financing since the Company only sells a partial interest in the underlying accounts receivable. Beginning January 1, 2010, securitization transactions are classified as debt on the Company's balance sheet and the related cash flows from any future advances or reductions from the \$180 million that was outstanding under the Facility at December 31, 2009 will be reflected as cash flows provided by financing activities. The Company recorded \$180 million of debt and a corresponding amount of accounts receivable on its balance sheet during the quarter ended March 31, 2010.

During the three and six months ended June 30, 2010, the Company recorded \$3.4 million and \$6.8 million of interest expense from accounts receivable securitization transactions. During the three and six months ended June 30, 2009, the Company recorded a \$19.4 and \$36.0 million loss on sale of receivables, respectively. These losses are reflected as non-operating expense in the Company's consolidated statement of operations. Under the accounting policy in effect prior to January 1, 2010 for the Facility, losses were determined by calculating the estimated fair value of receivables sold and retained compared to their carrying amount including transaction expenses and fees. The fair value of the sold portion of receivables was equal to the proceeds the Company received upon sale. The fair value of the retained portion was based on the fair value of the related cash the Company expected to receive upon collection, taking into consideration estimated credit losses, interest and service fees.

Interest Rate Swaps

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

2010 Interest Rate Swaps – In June 2010, the Company entered into interest rate swap contracts related to the Company's \$7 billion senior secured draw term loan with a combined notional value of \$4.0 billion (the "2010 interest rate swap contracts") which expire through June 2013. Under the interest rate swaps, the Company pays fixed interest from .66% to 2.1375% over the term (weighted average effective interest rate of 1.33%) and receives in exchange LIBOR-based floating interest. The 2010 interest rate swap contracts were designated as cash flow hedges of interest rate risk. The effective portion of changes in the fair value of the 2010 interest rate swap contracts are recorded in accumulated other comprehensive loss ("OCI/L") and will be subsequently reclassified into earnings in the same periods during which the original hedged interest payments are made. There was no ineffective portion related to the change in fair value of the 2010 interest rate swap contracts. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next twelve months, the Company estimates that \$4.6 million will be reclassified to interest expense related to the 2010 interest rate swap contracts. During the three and six months ended June 30, 2010, such derivatives were used to economically hedge the variable cash flows associated with existing variable-rate debt.

The Company has agreements with each of its June 2010 interest rate swap counterparties which provide that the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

As of June 30, 2010, the fair value of the June 2010 interest rate swap contracts is a liability position of \$18.6 million, which includes accrued interest, but excludes any adjustment for nonperformance risk. Including the adjustment for nonperformance risk, the June 2010 interest rate swap contracts have a net liability position of \$13.6 million and a corresponding unrealized loss of \$13.6 million (\$8.3 million net of tax) recorded to OCI/L as of June 30, 2010. As of June 30, 2010, the Company has not posted any collateral related to the June 2010 interest rate swap contracts. If the Company had breached any of these provisions at June 30, 2010, it could have been required to settle its obligations under the agreements at their termination value of \$18.6 million.

2007 Interest Rate Swaps – Through October 31, 2009, the Company previously had interest rate swap contracts with a combined notional value of \$7.0 billion. \$2.0 billion of these swaps expired on October 31, 2009 and \$5.0 billion of these swaps expired on April 30, 2010 (the "2007 interest rate swap contracts"). During 2009 and 2010, the Company did not apply hedge accounting on the 2007 interest rate swap contracts as a result of selecting interest payment periods that differed from the interest swap contracts. As a result, changes in fair value of these swaps were recorded to the statement of operations each period and all gains and losses previously recorded to OCI/L were reclassified to the statement of operations over the remaining life of the swaps. For the three and six month periods ended June 30, 2010, the pre-tax impact to income related to these swaps was a net loss of \$5.1 million

and net income of \$20.6 million, respectively. For the three and six month periods ending June 30, 2009, the pre-tax impact to income related to these swaps was a net loss of \$0.7 million and \$3.1 million, respectively.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheet.

		As of June 30, 2010	As of December 31, 2009
	<u>Consolidated Balance Sheet Location</u>		
2007 interest rate swap contracts	Interest rate swap liability-current	\$ -	\$ 75,100
2010 interest rate swap contracts	Interest rate swap liability-current	4,300	-
2010 interest rate swap contracts	Other long-term liabilities	<u>9,300</u>	
Total		<u>\$ 13,600</u>	<u>\$ 75,100</u>

Other Matters Related to Long-Term Debt

Voluntary prepayments of principal amounts outstanding under the bank senior secured revolving credit facility, bank senior secured term loan facility and bank senior secured draw term loan (collectively the "Senior Secured Credit Facilities") will be permitted at any time; however, if a prepayment of principal is made with respect to a Eurodollar loan on a date other than the last day of the applicable interest period, the lenders will require compensation for any funding losses and expenses incurred as a result of the prepayment. In addition, the Senior Secured Credit Facilities contain provisions requiring mandatory prepayments if the Company achieves certain levels of excess cash flow as defined or from the proceeds of asset dispositions, casualty events or debt incurrences.

The Senior Secured Credit Facilities and the senior notes contain various covenants and a breach of any covenant could result in a default under those agreements. If any such default occurs, the lenders of the Senior Secured Credit Facilities or the holders of the senior notes may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. In addition, a default under the indentures governing the senior notes would cause a default under the Senior Secured Credit Facilities, and the acceleration of debt under the Senior Secured Credit Facilities or the failure to pay that debt when due would cause a default under the indentures governing the senior notes (assuming certain amounts of that debt were outstanding at the time). The lenders under our Senior Secured Credit Facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Further, following an event of default under our Senior Secured Credit Facilities, the lenders will have the right to proceed against the collateral. The Senior Secured Credit Facilities are secured by, among other things (a) a first priority security interest in substantially all of the assets of the Company, and the Company's material domestic subsidiaries, as defined, including without limitation, all receivables, contracts, contract rights, equipment, intellectual property, inventory, and other tangible and intangible assets, subject to certain customary exceptions; (b) a pledge of (i) all of the present and future capital stock of the Company and each subsidiary guarantor's direct domestic subsidiaries and (ii) 65% of the voting stock of each of our and each guarantor's material direct foreign subsidiaries, subject to certain exceptions; and (c) all proceeds and products of the property and assets described above. In addition, the Senior Secured Credit Facilities are secured by all of the assets of Broadcast Media Partners Holdings, Inc. ("Broadcast Holding") and a pledge of the capital stock of the Company and all proceeds of the forgoing. The 2014 notes are secured on an equal and ratable basis with the Senior Secured Credit Facilities.

Additionally, the Senior Secured Credit Facilities and the senior notes, excluding the 2011 senior notes, contain certain restrictive covenants which, among other things, limit the incurrence of investments, payment of dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of other indebtedness, liens and encumbrances and other matters customarily restricted in such agreements. The Company is in compliance with all covenants under its Senior Secured Credit Facilities and senior notes as of June 30, 2010.

The subsidiary guarantors under the Company's Senior Secured Credit Facilities and senior notes are all of the Company's domestic subsidiaries other than certain immaterial subsidiaries and certain subsidiaries that are party to the Company's accounts receivable securitization. The guarantees are full and unconditional and joint and several and any subsidiaries of the Company other than the subsidiary guarantors are minor. Univision Communications Inc. is not a guarantor and has no independent assets or operations.

The Company and its subsidiaries, affiliates or significant shareholders may from time to time, in their sole discretion, purchase, repay, redeem or retire any of the Company's outstanding debt or equity securities (including any publicly issued debt securities), in privately negotiated or open market transactions, by tender offer or otherwise.

7. Income Taxes

The Company's effective tax rate from continuing operations of approximately 48% differs from the statutory rate primarily due to permanent tax differences and the increase in the valuation allowance.

The effective tax rate is based on expected income or losses, statutory tax rates and tax planning opportunities applicable to the Company. For interim financial reporting, the Company estimates the annual tax rate based on projected taxable income or loss for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate. As the year progresses, the Company refines the estimates of the year's taxable income or loss as new information becomes available, including year-to-date financial results. This continual estimation process often results in a change to the expected effective tax rate for the year. When this occurs, the Company adjusts the income tax provision or benefit during the quarter in which the change in estimate occurs so that the year-to-date provision or benefit reflects the expected annual tax rate. Significant judgment is required in determining the effective tax rate and in evaluating the tax positions.

The Company had total gross unrecognized tax benefits of \$22.7 and \$30.1 million as of June 30, 2010 and December 31, 2009, respectively. If the unrecognized tax benefits are recognized in a future period they would not materially change the effective income tax rate of that respective period. The Company recognizes interest and penalties, if any, related to uncertain income tax positions in income tax expense. As of June 30, 2010, the Company has approximately \$3.2 million of accrued interest related to uncertain tax positions.

The Company is subject to U.S. federal income tax as well as multiple state jurisdictions. The Company has substantially concluded all U.S. federal income tax matters through 2008. Substantially all material state income tax matters have been concluded through 2003.

8. Share-Based Compensation

Total share-based compensation cost related to restricted stock and stock option awards was approximately \$0.2 million and \$0.7 million for the three and six months ended June 30, 2010, respectively. Total share based compensation cost related to restricted stock and stock option awards was approximately \$1.2 million and \$2.2 million for the three and six months ended June 30, 2009, respectively. Unamortized compensation cost related to restricted stock awards was \$1.1 million and the weighted average period over which it is expected to be recognized is approximately two years. As of June 30, 2010, unamortized compensation cost related to stock option awards was \$0.8 million and the weighted average period over which it is expected to be recognized is approximately two years.

On January 29, 2008, Broadcasting Media entered into a consulting agreement with an entity controlled by Univision's Chairman of the Board of Directors. The agreement will pay up to 3% of defined appreciation realized by the Sponsors and co-investors on their investments in Broadcasting Media and Broadcast Holdings, in excess of certain preferred returns and performance thresholds, which increase over time. Either increases or decreases in the defined appreciation in excess of the preferred returns and performance thresholds between the date of the consulting agreement and a liquidation event result in a change in the measure of consulting expense. The term of the consulting agreement is indefinite, subject to the right of either party to terminate the agreement. No consulting expense has been recognized by the Company under this agreement.

9. Commitments and Contingencies

Televisa Program License Agreement ("PLA") Litigation— On January 22, 2009, Televisa and the Company settled and released and discharged all claims and counterclaims (whether known or unknown) under the Company's original program license agreement with Televisa (the agreement in effect until January 22, 2009 is referred to as the "Original PLA") whether or not included in the litigation (including those that had previously been dismissed without prejudice), other than with respect to Televisa's claim that the Original PLA entitled it to transmit or permit others to transmit any television programming into the United States from Mexico over or by means of the Internet and certain pending disputes about rights under the Original PLA to movies that Televisa obtained rights from others or co-produced. As part of the settlement, the Company paid Televisa \$3.5 million, withdrew its protest on monies previously paid to Televisa under protest and entered into an amended program license agreement (the "Amended PLA") that, among other things, revised the terms for the license fee payable by Univision and revised the terms for making unsold advertising on Univision's networks and television stations available to Televisa by committing Univision to provide a minimum amount of advertising at no charge to Televisa. The advertising revenue from Televisa will be recognized into revenues over the term of the Amended PLA through 2017 when the Company provides the advertising to Televisa to satisfy its commitment. During the three and six months ended June 30, 2009, the Company incurred additional Televisa settlement and related charges of \$0.9 million and \$6.9 million, respectively.

The Company asked the United States District Court for the Central District of California for a judicial declaration that Televisa may not transmit or permit others to transmit any programming that is licensed to the Company under the Company's PLA with Televisa into the United States over or by means of the Internet. Televisa disputed this claim. Following a trial, which began on June 9, 2009, with respect to the Internet issue, the Court issued an order on July 17, 2009, declaring that Televisa may not transmit or permit others to transmit any programming that is licensed to the Company under the Amended PLA into the United States over or by means of the Internet. Televisa has appealed the decision to the United States Court of Appeal for the Ninth Circuit.

10. Business Segments

The Company's principal business segment is television, which includes the operations of the Company's Univision Network, TeleFutura Network, Galavisión and owned-and-operated stations. The operating segments reported below are the segments of the Company for which separate financial information is available and for which segment results are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's corporate expenses are included in its television segment.

The Company uses the key indicator of operating income before depreciation and amortization ("OIBDA") to evaluate the Company's operating performance, for planning and forecasting future business operations, and except as described below, for reporting under its bank credit agreement. This indicator is presented on an adjusted basis consistent with the definition in the Company's bank credit agreement governing its senior secured credit facilities as in effect during the relevant periods to exclude certain expenses. OIBDA as presented herein does not reflect the benefit for certain income taxes which was included in calculating OIBDA under the bank credit agreement, before the amendment on June 19, 2009, or the provision of a fixed amount reflecting a GAAP tax benefit included in calculating OIBDA under the bank credit agreement as amended. The bank credit agreement also allows the Company to make certain pro forma adjustments for purposes of calculating certain financial covenants, some of which would be applied to OIBDA, and provides for GAAP to be used for accounting determinations like OIBDA based on GAAP as in effect at the time of entering into the bank credit agreement, and therefore does not reflect the impact of changes to GAAP. None of these pro forma adjustments are made to OIBDA for purposes other than reporting under the bank credit agreement.

OIBDA is not, and should not be used as, an indicator of or alternative to operating income or net income (loss) as reflected in the consolidated financial statements. It is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Since the definition of OIBDA may vary among companies and industries it should not be used as a measure of performance among companies.

Presented below is segment information pertaining to the Company's television, radio and interactive media businesses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net revenue:				
Television	\$ 530,100	\$ 414,400	\$ 910,200	\$ 750,700
Radio.....	89,900	95,100	154,200	161,600
Interactive media	19,800	10,000	29,100	17,500
Consolidated.....	<u>\$ 639,800</u>	<u>\$ 519,500</u>	<u>\$ 1,093,500</u>	<u>\$ 929,800</u>
Depreciation and amortization:				
Television	\$ 25,100	\$ 28,800	\$ 52,100	\$ 58,300
Radio.....	2,200	2,100	4,200	4,200
Interactive media	2,000	1,900	4,100	3,900
Consolidated.....	<u>\$ 29,300</u>	<u>\$ 32,800</u>	<u>\$ 60,400</u>	<u>\$ 66,400</u>
Operating income (loss):				
Television	\$ 182,800	\$ 143,500	\$ 316,900	\$ 241,600
Radio.....	30,300	5,600	38,600	13,800
Interactive media	4,800	(1,400)	700	(5,000)
Consolidated.....	<u>\$ 217,900</u>	<u>\$ 147,700</u>	<u>\$ 356,200</u>	<u>\$ 250,400</u>
OIBDA:				
Television	\$ 232,900	\$ 191,400	\$ 404,900	\$ 336,600
Radio.....	32,300	34,700	42,500	44,900
Interactive media	6,800	500	4,800	(1,100)
Consolidated.....	<u>\$ 272,000</u>	<u>\$ 226,600</u>	<u>\$ 452,200</u>	<u>\$ 380,400</u>
Capital expenditures:				
Television	\$ 23,200	\$ 6,100	\$ 31,500	\$ 14,200
Radio.....	1,000	5,700	2,200	7,000
Interactive media	1,100	500	1,600	800
Consolidated.....	<u>\$ 25,300</u>	<u>\$ 12,300</u>	<u>\$ 35,300</u>	<u>\$ 22,000</u>
			June 30, 2010	December 31, 2009
Total Assets:				
Television			\$ 8,906,700	\$ 8,715,500
Radio.....			1,637,300	1,648,400
Interactive media			48,600	52,700
Consolidated.....			<u>\$ 10,592,600</u>	<u>\$ 10,416,600</u>

Presented below is a reconciliation of OIBDA to net income (loss), which is the most directly comparable GAAP financial measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OIBDA.....	\$ 272,000	\$ 226,600	452,200	380,400
Less expenses excluded from OIBDA but included in operating income:				
Depreciation and amortization.....	29,300	32,800	60,400	66,400
Impairment loss.....	5,200	27,000	5,200	29,100
Restructuring, severance and related charges.....	4,500	2,700	6,200	2,900
Televisa settlement and related charges.....	—	900	—	6,900
Share-based compensation.....	300	1,200	700	2,200
Business optimization expense.....	5,800	1,400	8,500	4,100
Asset write-offs.....	2,300	7,400	4,200	7,400
Management fee.....	5,600	5,600	9,600	10,600
Other.....	1,100	(100)	1,200	400
Operating income.....	217,900	147,700	356,200	250,400
Other expense (income):				
Interest expense.....	136,900	171,300	309,900	328,400
Interest income.....	(800)	(7,400)	(8,600)	(10,200)
Interest rate swap expense (income).....	5,100	700	(20,600)	3,100
Amortization of deferred financing costs.....	9,600	9,200	19,200	20,800
(Gain) loss on investments.....	—	—	(4,900)	19,800
Loss on sale of receivables.....	—	19,400	—	36,000
Accounts receivable facility costs.....	600	—	1,200	—
Loss on extinguishment of debt.....	—	2,600	—	2,600
Equity income in unconsolidated subsidiaries and other.....	(1,200)	(1,500)	(2,100)	(2,400)
Income (loss) from continuing operations before income taxes.....	67,700	(46,600)	62,100	(147,700)
Provision (benefit) for income taxes.....	32,400	(19,400)	29,900	(66,300)
Income (loss) from continuing operations.....	35,300	(27,200)	32,200	(81,400)
Loss from discontinued operation, net of income taxes.....	—	(500)	(200)	(1,400)
Net income (loss).....	\$ 35,300	\$ (27,700)	\$ 32,000	\$ (82,800)

Pursuant to the Amended PLA, the Company is required to disclose the portion of the Company's television segment net revenue equal to the royalty base used to determine the license fee payable under the Amended PLA, as set forth below:

	Six Months Ended June 30, 2010
Television segment net revenue.....	\$ 910,200
Less:	
Advertising revenue earned from Televisa.....	(30,700)
Soccer revenue not subject to license fee (excluded matches).....	(100,900)
Other adjustments to arrive at revenue included in royalty base.....	(16,500)
Royalty base used to calculate Televisa license fee.....	\$ 762,100

Part I

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Univision Communications Inc., together with its wholly-owned subsidiaries (the "Company," "we," "us" and "our"), has continuing operations in three business segments:

- *Television:* The Company's principal business segment is television, which consists primarily of the Univision and TeleFutura national broadcast networks, the owned and/or operated television stations and the Galavisión cable television network. For the six months ended June 30, 2010, the television segment accounted for approximately 83% of the Company's net revenue.
- *Radio:* Univision Radio is the largest Spanish-language radio broadcasting company in the United States. For the six months ended June 30, 2010, the radio segment accounted for approximately 14% of the Company's net revenue.
- *Interactive media:* Univision interactive media operates the Company's Internet portal, *Univision.com* and Univision Móvil, which provides a Spanish-language suite of mobile offerings. For the six months ended June 30, 2010, the interactive media segment accounted for approximately 3% of the Company's net revenue.

Description of Net Revenue

Television net revenue is generated from the sale of network, national and local spot advertising time, subscriber fees and sales commissions on national advertising aired on Univision affiliate television stations, less agency commissions and volume and prompt payment discounts. Radio net revenue is derived from the sale of network, national, and local spot advertising time less agency commissions. The interactive media business derives its net revenue primarily from online and mobile advertising less agency commissions.

Description of Direct Operating Expenses

Direct operating expenses consist primarily of programming, license fees, news and technical costs. License fees related to our program license agreements (the "PLAs") with Grupo Televisa S.A. and its affiliates ("Televisa") and affiliates of Corporación Venezolana del Television, C.A. (VENEVISION) ("Venevision") accounted for approximately 15.5% and 15.0% of direct operating and selling, general and administrative expenses.

Description of Selling, General and Administrative Expenses

Selling, general and administrative expenses include selling, research, promotions, management fee and other general and administrative expenses.

Factors Affecting Our Results

2010 World Cup Games

In June 2010, the Company began televising the 2010 World Cup games, which generated revenues and expenses that did not exist in 2009. For the three and six months ended June 30, 2010, the Company had estimated consolidated incremental World Cup net revenue of \$73.6 million and \$74.8 million, respectively. For the three and six months ended June 30, 2010, the Company had estimated consolidated World Cup direct operating expenses of \$69.7 million and \$69.9 million, respectively. For the three and six months ended June 30, 2010, the Company had estimated consolidated World Cup OIBDA of \$3.9 million and \$4.9 million, respectively.

Impairment Losses

For the three and six months ended June 30, 2010, the Company recorded impairment losses of \$5.2 million related to certain long-term assets. For the three and six months ended June 30, 2009, the Company recorded impairment losses of \$27.0 million and \$29.1 million, respectively, primarily in connection with assets surrendered pursuant to an asset exchange transaction related to our radio segment.

Televisa Settlement and Related Charges

For the three and six months ended June 30, 2009, the Company recorded additional Televisa settlement and related charges of \$0.9 million and \$6.9 million, respectively, which includes \$4.0 million of additional non-cash legal settlement charges resulting from the finalization of the fair value of the Company's advertising commitment to Televisa. See "Notes to Condensed Consolidated Financial Statements — 9. *Commitments and Contingencies.*"

Critical Accounting Policies

Certain of the Company's accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on the Company's historical experience, terms of existing contracts, the Company's evaluation of trends in the industry, information provided by the Company's customers and suppliers and information available from other outside sources, as appropriate. However, they are subject to an inherent degree of uncertainty. As a result, actual results in these areas may differ significantly from the Company's estimates.

The Company believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of its financial statements and changes in these judgments and estimates may impact future results of operations and financial condition.

Revenue Recognition

Net revenue is comprised of gross revenues from the Company's television and radio broadcast, cable and interactive media businesses, including subscriber fees, sales commissions on national advertising aired on Univision affiliated television stations, less agency commissions and volume and prompt payment discounts. The Company's television and radio gross revenues are recognized when advertising spots are aired and performance guaranties, if any, are achieved. Subscriber fees received from cable systems and satellite operators are recognized as revenue in the period that services are provided. The interactive media business recognizes primarily display advertising and sponsorship advertisement revenue. Display advertising revenue is recognized as "impressions" are delivered and sponsorship revenue is recognized ratably over the contract period. "Impressions" are defined as the number of times that an advertisement appears in pages viewed by users of the Company's Internet properties. All revenue is recognized only when collection of the resulting receivable is reasonably assured.

The Company has certain contractual commitments, primarily with Televisa, to provide future advertising and promotion time, subject to certain guarantees. The obligation associated with each of these commitments was recorded as deferred revenue at an amount equal to the fair value of the advertising and promotion time as of the date of the agreements providing for these commitments. Deferred revenue is relieved and revenue is recognized as the related advertising and promotion time is provided.

Program Costs for Television Broadcast

Televisa and Venevision provide the Company's three television networks with a substantial amount of programming. The Company believes that the PLAs and all other agreements with Televisa and Venevision, which were related party transactions prior to the acquisition of the Company by Broadcasting Media, have been negotiated as arms-length transactions.

All other costs incurred in connection with the production of or purchase of rights to programs that are ready and available to be broadcast within one year are classified as current assets, while costs of those programs to be broadcast subsequent to one year are considered non-current. Program costs are charged to operating expense as the programs are broadcast. Program costs associated with multi-year sports contracts are accounted for as long-lived assets and are evaluated for impairment until available for broadcast. See "Notes to Condensed Consolidated Financial Statements – 3. *Intangibles Assets and Goodwill.*" Program costs associated with multi-year sports contracts are charged to operating expense based on the flow-of-income method over the term of the contract. Management estimates the amount of revenue expected to be realized when programs are aired, as well as the revenue associated with multi-year sports contracts in applying the flow-of-income method. If the revenue realized associated with the programming is less than estimated, the Company's future operating margins will be lower and previously capitalized program costs may be written off. For the World Cup Games, impairment is determined by assessing whether the incremental cash inflows associated with the games exceed the direct cash outflows associated with production, licensing and media rights payments.

Accounting for Goodwill, Other Intangibles and Long-Lived Assets

For purposes of performing the impairment test of goodwill, we established the following reporting units: television, radio and interactive media. The Company compares the fair value of the reporting unit to its carrying amount on an annual basis to determine if there is potential goodwill impairment. For those reporting units whose carrying value exceeds the fair value, the fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit with any residual value being allocated to goodwill. If

the allocated amount is less than the carrying value of the goodwill, the difference is recorded as an impairment charge. The Company also compares the fair value of indefinite-lived intangible assets to their carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized.

Goodwill and other intangible assets with indefinite lives are tested annually or more frequently if circumstances indicate a possible impairment exists. The Company estimates the fair value of each of our reporting units using a combination of discounted cash flows and market-based valuation methodologies. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples and the amount and timing of expected future cash flows. The cash flows employed in our valuation analysis are based on the Company's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts.

Long-lived assets, such as property and equipment, intangible assets subject to amortization and program right prepayments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of such excess. See "Notes to Condensed Consolidated Financial Statements—3. *Intangible Assets and Goodwill.*"

Share-Based Compensation

Compensation expense relating to share-based payments is recognized in earnings using a fair-value measurement method. The Company uses the straight-line attribution method of recognizing compensation expense over the vesting period. The fair value of each new stock option award will be estimated on the date of grant using the Black-Scholes-Merton option-pricing model.

Recent Accounting Pronouncements

For recent accounting pronouncements See "Notes to Condensed Consolidated Financial Statements—1. *Summary of Significant Accounting Policies.*"

Results of Operations

Overview

In comparing our results of operations for the three and six months ended June 30, 2010 ("2010") with those ended June 30, 2009 ("2009"), the following should be noted:

- In June of 2010, the Company began televising the 2010 World Cup games, which generated revenues and expenses that did not exist in 2009. During the three and six months ended June 30, 2010, the 2010 FIFA World Cup contributed an estimated \$73.6 and \$74.8 million of incremental net revenue, respectively, and an estimated \$3.9 and \$4.9 million of incremental operating income before depreciation and amortization, respectively.
- During the three and six months ended June 30, 2010, the Company recorded interest rate swap expense of \$5.1 million and interest rate swap income of \$20.6 million, respectively. During the three and six months ended June 30, 2009, the Company recorded interest rate swap expense of \$0.7 and \$3.1 million, respectively.
- During the three and six months ended June 30, 2009, the Company recorded a loss on sale of receivables of \$19.4 and \$36.0 million, respectively. The loss on sale of receivables for the six months ended June 30, 2009 includes transaction costs in connection with its accounts receivable sale facility. See "*Liquidity and Capital Resources*" for a description of the facility.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Net revenue. Net revenue was \$639.8 million in 2010 compared to \$519.5 million in 2009, an increase of \$120.3 million or 23.2%. The Company's television segment revenues were \$530.1 million in 2010 compared to \$414.4 million in 2009, an increase of \$115.7 million or 27.9%. The increase in net revenue of the Company's television segment is due primarily to increased World Cup net revenue, core advertising net revenue and subscriber fees. The Company's radio segment had revenues of \$89.9 million in 2010 compared to \$95.1 million in 2009, a decrease of \$5.2 million or 5.5% due to reduced spending on advertising by advertisers as a result of the U.S. economic recession and the adverse effect on our ratings from not encoding or subscribing to the Arbitron Portable People Meter ratings in several radio markets. The Company's interactive media segment had revenues of \$19.8 million in 2010 compared to \$10.0 million in 2009, an increase of \$9.8 million or 98.0%, primarily related to an increase in display advertising related

to the 2010 World Cup. Excluding the impact of estimated World Cup incremental net revenue of \$73.6 million, consolidated net revenue for the second quarter of 2010 increased 9.0% over the second quarter of 2009.

Expenses. Direct operating expenses increased to \$236.0 million in 2010 from \$162.3 million in 2009, an increase of \$73.7 million or 45.4%. The Company's television segment direct operating expenses were \$207.0 million in 2010 compared to \$135.7 million in 2009, an increase of \$71.3 million or 52.5%. The increase is primarily due to an increase 2010 World Cup costs of \$68.8 million. The Company's radio segment had direct operating expenses of \$22.4 million in 2010 and 2009. The Company's interactive media segment had direct operating expenses of \$6.6 million in 2010 compared to \$4.2 million in 2009, an increase of \$2.4 million or 57.1%. The increase is due primarily to increased programming and content costs. As a percentage of net revenue, the Company's direct operating expenses increased to 36.9% in 2010 from 31.2% in 2009. Excluding World Cup direct operating expenses of \$69.7 million, consolidated direct operating expenses for the second quarter of 2010 increased 2.5% over the second quarter of 2009.

Selling, general and administrative expenses increased to \$146.9 million in 2010 from \$146.1 million in 2009, an increase of \$0.8 million or 0.5%. The Company's television segment selling, general and administrative expenses were \$105.8 million in 2010 compared to \$103.0 million in 2009, an increase of \$2.8 million or 2.7%. The increase is due primarily to an increase in selling costs of \$7.1 million, associated with higher revenues, and an increase in business optimization costs of \$4.3 million, offset by a decrease in bad debt expense of \$5.8 million and other savings of \$2.8 million. The Company's radio segment had selling, general and administrative expenses of \$34.7 million in 2010 compared to \$37.8 million in 2009, a decrease of \$3.1 million or 8.2%. The decrease is due primarily to a decrease in sales and research costs of \$2.4 million and other savings of \$0.7 million. The Company's interactive media segment had selling, general and administrative expenses of \$6.4 million in 2010 compared to \$5.3 million in 2009, an increase of \$1.1 million or 20.8%. The increase is due primarily to increased selling costs resulting from new sales initiatives. As a percentage of net revenue, the Company's selling, general and administrative expenses decreased to 23.0% in 2010 from 28.1% in 2009.

Impairment loss. In 2010 and 2009, the Company recorded a non-cash impairment losses of \$5.2 million and \$27.0 million, respectively. The 2010 impairment is related to certain long-term assets. The 2009 impairment was in connection with assets surrendered pursuant to an asset exchange transaction related to our radio segment. See "Notes to Condensed Consolidated Financial Statements-3. *Intangible Assets and Goodwill.*"

Restructuring, Severance and Related Charges. In 2010 and 2009, the Company incurred restructuring, severance and related charges of \$4.5 and \$2.7 million, respectively.

Televisa settlement and related charges. In 2009, the Company recorded \$0.9 million of Televisa settlement and related charges.

Depreciation and amortization. Depreciation and amortization decreased to \$29.3 million in 2010 from \$32.8 million in 2009, a decrease of \$3.5 million or 10.7%. The Company's depreciation expense decreased to \$16.3 million in 2010 from \$20.3 million in 2009, a decrease of \$4.0 million related to the acceleration of depreciation expense in 2009 due to the reduction in the useful lives on analog equipment that became obsolete in June 2009 when the television stations became digital. The Company had amortization of intangible assets of \$13.0 and \$12.5 million in 2010 and 2009, respectively, an increase of \$0.5 million. Depreciation and amortization expense for the television segment decreased by \$3.7 million to \$25.1 million in 2010 from \$28.8 million in 2009. Depreciation and amortization expense for the radio segment was \$2.2 and \$2.1 million in 2010 and 2009, respectively. Depreciation and amortization expense for the interactive media segment was \$2.0 and \$1.9 million in 2010 and 2009, respectively.

Operating income. As a result of the factors discussed above and in the results of operations overview, the Company had operating income of \$217.9 million in 2010 and \$147.7 million in 2009, an increase of \$70.2 million. The Company's television segment had operating income of \$182.8 million in 2010 and \$143.5 million in 2009, an increase of \$39.3 million. The Company's radio segment had operating income of \$30.3 million in 2010 and \$5.6 million in 2009, an increase of \$24.7 million. The Company's interactive media segment had an operating income of \$4.8 million in 2010 and an operating loss of \$1.4 million in 2009, an increase of \$6.2 million. Excluding the impact of World Cup incremental revenue and direct operating expense, consolidated operating income for the second quarter of 2010 increased \$66.3 million compared to the second quarter of 2009.

Interest expense. Interest expense decreased to \$136.9 million in 2010 from \$171.3 million in 2009, a decrease of \$34.4 million. The decrease is primarily due to the termination of the interest rate swaps that matured on April 30, 2010 and lower interest rates in 2010 related to our bank borrowings partially offset by higher rates resulting from the new 2014 senior notes and the Company's decision to elect the PIK option on its 2015 senior notes. See "Notes to Condensed Consolidated Financial Statements—6. *Debt.*"

Interest income. Interest income decreased to \$0.8 million in 2010 from \$7.4 million in 2009, a decrease of \$6.6 million. The decrease is due primarily to a change in accounting principles that became effective on January 1, 2010 related to the Company's accounts receivable facility. See "Notes to Condensed Consolidated Financial Statements—2. *Supplemental Balance Sheet Information.*"

Interest rate swap expense (income). In 2010, the Company recorded expense of approximately \$5.1 million in fair market value adjustments and accumulated other comprehensive loss amortization in connection with ceasing the application of hedge accounting. In 2009, the Company recorded an expense of approximately \$0.7 million in fair market adjustments and accumulated other comprehensive loss amortization. See “Notes to Condensed Consolidated Financial Statements—4. *Financial Instruments and Fair Value Measures.* and —6. *Debt.*”

Amortization of deferred financing cost. Amortization of deferred financing costs increased to \$9.6 million in 2010 from \$9.2 million in 2009, an increase of \$0.4 million. The increase is due primarily to additional amortization resulting from increased costs associated with the 2009 refinancing of a portion of the Company’s 2011 senior notes, offering of the 2014 notes, and an amendment of our bank credit agreement. See “Notes to Condensed Consolidated Financial Statements—6. *Debt.*”

Loss on sale of receivables. In 2009, the Company recorded a loss on sale of receivables of \$19.4 million, which includes transaction costs and fees in connection with our accounts receivable sale facility. See “Notes to Condensed Consolidated Financial Statements—2. *Supplemental Balance Sheet Information.*”

Benefit for income taxes. In 2010, the Company reported an income tax provision of \$32.4 million related to 2010 income. In 2009, the Company reported an income tax benefit of \$19.4 million related to 2009 losses. The Company’s effective tax provision rate of 47.7% in 2010 is different from the effective tax benefit rate of 41.6% in 2009 due primarily to the Company’s pretax book income projections for the full year and the increase in the valuation allowance.

Loss from discontinued operation, net of income tax. The Company reported a net loss from discontinued operations of \$0.5 million in 2009 related to its music business. See “Notes to Condensed Consolidated Financial Statements—1. *Summary of Significant Accounting Policies.*”

Net income (loss). As a result of the above factors, the Company reported net income of \$35.3 million in 2010 and a net loss of \$27.7 million in 2009.

Adjusted operating income before depreciation and amortization (“OIBDA”). OIBDA increased to \$272.0 million in 2010 from \$226.6 million in 2009, an increase of \$45.4 million or 20.0%. The increase results from the factors that impacted operating income as noted above. As a percentage of net revenue, the Company’s OIBDA decreased to 42.5% in 2010 from 43.6% in 2009. Excluding the impact of World Cup incremental net revenue and direct operating expense, OIBDA for the second quarter of 2010 increased \$41.5 million or 18.3% compared to the second quarter of 2009.

The Company uses the key indicator of OIBDA to evaluate the Company’s operating performance, for planning and forecasting future business operations, and except as described below, for reporting under its bank credit agreement. This indicator is presented on an adjusted basis consistent with the definition in the Company’s bank credit agreement governing its senior secured credit facilities as in effect during the relevant periods to exclude certain expenses. OIBDA as presented herein does not reflect the benefit for certain income taxes which was included in calculating OIBDA under the bank credit agreement, before the amendment on June 19, 2009, or the provision of a fixed amount reflecting a United States Generally Accepted Accounting Principles (“GAAP”) tax benefit included in calculating OIBDA under the bank credit agreement as amended. The bank credit agreement also allows the Company to make certain pro forma adjustments for purposes of calculating certain financial covenants, some of which would be applied to OIBDA, and provides for GAAP to be used for accounting determinations like OIBDA based on GAAP as in effect at the time of entering into the bank credit agreement, and therefore does not reflect the impact of changes to GAAP. None of these pro forma adjustments are made to OIBDA for purposes other than reporting under the bank credit agreement.

OIBDA is not, and should not be used as, an indicator of or alternative to operating income or net income (loss) as reflected in the consolidated financial statements. It is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Since the definition of OIBDA may vary among companies and industries it should not be used as a measure of performance among companies. See Note 10. *Business Segments* for a reconciliation of OIBDA to net income (loss).

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Net revenue. Net revenue was \$1,093.5 million in 2010 compared to \$929.8 million in 2009, an increase of \$163.7 million or 17.6%. The Company’s television segment revenues were \$910.2 million in 2010 compared to \$750.7 million in 2009, an increase of \$159.5 million or 21.2%. The increase in net revenue of the Company’s television segment is due primarily to increased World Cup net revenue, core advertising net revenue and subscriber fees. The Company’s radio segment had revenues of \$154.2 million in 2010 compared to \$161.6 million in 2009, a decrease of \$7.4 million or 4.6% due to reduced spending on advertising by advertisers as a result of the U.S. economic recession and the adverse effect on our ratings from not encoding or subscribing to the Arbitron Portable

People Meter ratings in several radio markets. The Company's interactive media segment had revenues of \$29.1 million in 2010 compared to \$17.5 million in 2009, an increase of \$11.6 million or 66.3%, primarily related to an increase in display advertising related to the 2010 World Cup. Excluding the impact of estimated World Cup incremental net revenue of \$74.8 million, consolidated net revenue for the six months ended June 30, 2010 increased 9.6% over the six months ended June 30, 2009.

Expenses. Direct operating expenses increased to \$392.0 million in 2010 from \$303.0 million in 2009, an increase of \$89.0 million or 29.4%. The Company's television segment direct operating expenses were \$335.7 million in 2010 compared to \$249.5 million in 2009, an increase of \$86.2 million or 34.5%. The increase is primarily due to 2010 World Cup costs of \$68.8 million and an increase in programming costs of \$17.4 million primarily related to higher program license fees in 2010 due to the recovery in 2009 of \$12.0 million of program license fees in connection with the Televisa settlement which were previously paid under protest. The Company's radio segment had direct operating expenses of \$44.3 million in 2010 compared to \$45.0 million in 2009, a decrease of \$0.7 million or 1.6%. The decrease is due to decreased programming costs of \$1.1 million offset by increased engineering costs of \$0.4 million. The Company's interactive media segment had direct operating expenses of \$12.0 million in 2010 compared to \$8.5 million in 2009, an increase of \$3.5 million or 41.2%. The increase is due primarily to increased programming and content costs. As a percentage of net revenue, the Company's direct operating expenses increased to 35.8% in 2010 from 32.6% in 2009. Excluding World Cup direct operating expenses of \$69.9 million, consolidated direct operating expenses for the six months ended June 30, 2010 increased 6.3% over the six months ended June 30, 2009.

Selling, general and administrative expenses increased to \$273.5 million in 2010 from \$271.1 million in 2009, an increase of \$2.4 million or 0.9%. The Company's television segment selling, general and administrative expenses were \$194.4 million in 2010 compared to \$189.5 million in 2009, an increase of \$4.9 million or 2.6%. The increase is due primarily to an increase in selling costs of \$7.5 million associated with higher revenues, increased business optimization costs of \$5.0 million and an increase in general and administrative compensation costs of \$5.1 million, offset by a decrease in bad debt expense of \$7.8 million and other savings of \$4.9 million. The Company's radio segment had selling, general and administrative expenses of \$66.8 million in 2010 compared to \$71.4 million in 2009, a decrease of \$4.6 million or 6.4%. The decrease is due to a decrease in sales and research costs of \$3.5 million and other savings of \$1.1 million. The Company's interactive media segment had selling, general and administrative expenses of \$12.3 million in 2010 compared to \$10.1 million in 2009, an increase of \$2.2 million or 21.8%. The increase is due primarily to increased selling costs resulting from new sales initiatives. As a percentage of net revenue, the Company's selling, general and administrative expenses decreased to 25.0% in 2010 from 29.1% in 2009.

Impairment loss. In 2010 and 2009, the Company recorded a non-cash impairment loss of \$5.2 million and \$29.1 million, respectively. The 2010 impairment is related to certain long-term assets. The 2009 impairment was in connection with assets surrendered pursuant to an asset exchange transaction related to our radio segment. See "Notes to Condensed Consolidated Financial Statements-3. *Intangible Assets and Goodwill.*"

Restructuring, Severance and Related Charges. In 2010 and 2009, the Company incurred restructuring, severance and related charges of \$6.2 and \$2.9 million, respectively.

Televisa settlement and related charges. In 2009, the Company recorded \$6.9 million of Televisa settlement and related charges.

Depreciation and amortization. Depreciation and amortization decreased to \$60.4 million in 2010 from \$66.4 million in 2009, a decrease of \$6.0 million or 9.0%. The Company's depreciation expense decreased to \$34.4 million in 2010 from \$41.4 million in 2009, a decrease of \$7.0 million related to the acceleration of depreciation expense in 2009 due to the reduction in the useful lives on analog equipment that became obsolete in June 2009 when the television stations became digital. The Company had amortization of intangible assets of \$26.0 and \$25.0 million in 2010 and 2009, respectively, an increase of \$1.0 million. Depreciation and amortization expense for the television segment decreased by \$6.2 million to \$52.1 million in 2010 from \$58.3 million in 2009. Depreciation and amortization expense for the radio segment was \$4.2 million in 2010 and 2009. Depreciation and amortization expense for the interactive media segment was \$4.1 and \$3.9 million in 2010 and 2009, respectively.

Operating income. As a result of the factors discussed above and in the results of operations overview, the Company had operating income of \$356.2 million in 2010 and \$250.4 million in 2009, an increase of \$105.8 million. The Company's television segment had operating income of \$316.9 million in 2010 and \$241.6 million in 2009, an increase of \$75.3 million. The Company's radio segment had operating income of \$38.6 million in 2010 and \$13.8 million in 2009, an increase of \$24.8 million. The Company's interactive media segment had operating income of \$0.7 million in 2010 and an operating loss of \$5.0 million in 2009, an increase of \$5.7 million. Excluding the impact of World Cup incremental revenue and direct operating expense, consolidated operating income for the six months ended June 30, 2010 increased \$100.9 compared to the six months ended June 30, 2009.

Interest expense. Interest expense decreased to \$309.9 million in 2010 from \$328.4 million in 2009, a decrease of \$18.5 million. The decrease is primarily due to the termination of the interest rate swaps that matured on April 30, 2010 and lower interest rates in 2010 related to our bank borrowings partially offset by higher rates resulting from the new 2014 senior notes and the Company's decision to elect the PIK option on its 2015 senior notes. See "Notes to Condensed Consolidated Financial Statements—6. *Debt*."

Interest income. Interest income decreased to \$8.6 million in 2010 from \$10.2 million in 2009, a decrease of \$1.6 million. The decrease is due primarily to a change in accounting principles that became effective on January 1, 2010 related to the Company's accounts receivable facility. See "Notes to Condensed Consolidated Financial Statements—2. *Supplemental Balance Sheet Information*."

Interest rate swap expense (income). In 2010, the Company recorded income of approximately \$20.6 million in fair market value adjustments and accumulated other comprehensive loss amortization in connection with ceasing the application of hedge accounting. In 2009, the Company recorded an expense of approximately \$3.1 million in fair market adjustments and accumulated other comprehensive loss amortization. See "Notes to Condensed Consolidated Financial Statements—4. *Financial Instruments and Fair Value Measures and*—6. *Debt*."

Amortization of deferred financing cost. Amortization of deferred financing costs decreased to \$19.2 million in 2010 from \$20.8 million in 2009, a decrease of \$1.6 million. The decrease is due primarily to the elimination of the amortization related to the repayment of the bank second-lien asset sale bridge loan in the first quarter of 2009 partially offset by additional amortization resulting from increased costs associated with the 2009 refinancing of a portion of the Company's 2011 senior notes, offering of the 2014 notes, and an amendment of our bank credit agreement. See "Notes to Condensed Consolidated Financial Statements—6. *Debt*."

(Gain) loss on investments. In 2010, the Company recorded gain on investments of \$4.9 million related to the Reserve Primary Fund. In 2009, the Company recorded loss on investments of \$19.8 million. On March 26, 2009, the Company sold 6.3 million shares of Entravision stock for \$2.2 million and recorded a loss of \$7.6 million. On March 31, 2009, the Company recorded a charge related to an other-than-temporary decline in the value of its investment in Entravision of \$12.2 million. See "Notes to Condensed Consolidated Financial Statements—4. *Financial Instruments and Fair Value Measures*."

Loss on sale of receivables. In 2009, the Company recorded a loss on sale of receivables of \$36.0 million, which includes transaction costs and fees in connection with our accounts receivable sale facility. See "Notes to Condensed Consolidated Financial Statements—2. *Supplemental Balance Sheet Information*."

Benefit for income taxes. In 2010, the Company reported an income tax provision of \$29.9 million related to 2010 income. In 2009, the Company reported an income tax benefit of \$66.3 million related to 2009 losses. The Company's effective tax benefit rate of 48.0% in 2010 is different from the effective tax benefit rate of 44.9% in 2009 due primarily to the Company's pretax book income projections for the full year and the increase in the valuation allowance.

Loss from discontinued operation, net of income tax. The Company reported a net loss from discontinued operations in 2010 of \$0.2 million compared to a net loss of \$1.4 million in 2009 related to its music business. See "Notes to Condensed Consolidated Financial Statements—1. *Summary of Significant Accounting Policies*."

Net income(loss). As a result of the above factors, the Company reported net income of \$32.0 million and a net loss of \$82.8 million in 2010 and 2009, respectively.

Adjusted operating income before depreciation and amortization ("OIBDA"). OIBDA increased to \$452.2 million in 2010 from \$380.4 million in 2009, an increase of \$71.8 million or 18.9%. The increase results from the factors that impacted operating income as noted above. As a percentage of net revenue, the Company's OIBDA increased to 41.4% in 2010 from 40.9% in 2009. Excluding the impact of World Cup incremental net revenue and direct operating expense, OIBDA for the six months ended June 30, 2010 increased \$66.9 million or 17.6% compared to the six months ended June 30, 2009.

The Company uses the key indicator of OIBDA to evaluate the Company's operating performance, for planning and forecasting future business operations, and except as described below, for reporting under its bank credit agreement. This indicator is presented on an adjusted basis consistent with the definition in the Company's bank credit agreement governing its senior secured credit facilities as in effect during the relevant periods to exclude certain expenses. OIBDA as presented herein does not reflect the benefit for certain income taxes which was included in calculating OIBDA under the bank credit agreement, before the amendment on June 19, 2009, or the provision of a fixed amount reflecting a United States Generally Accepted Accounting Principles ("GAAP") tax benefit included in calculating OIBDA under the bank credit agreement as amended. The bank credit agreement also allows the Company to make certain pro forma adjustments for purposes of calculating certain financial covenants, some of which would be applied to OIBDA and provides for GAAP to be used for accounting determinations like OIBDA based on GAAP as in effect at the time of entering into the bank credit agreement and therefore does not reflect the impact of changes to GAAP. None of these pro forma adjustments are made to OIBDA for purposes other than reporting under the bank credit agreement.

OIBDA is not, and should not be used as, an indicator of or alternative to operating income or net income (loss) as reflected in the consolidated financial statements. It is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Since the definition of OIBDA may vary among companies and industries it should not be used as a measure of performance among companies. See Note 10. *Business Segments* for a reconciliation of OIBDA to net income (loss).

Liquidity and Capital Resources

Cash Flows

The Company's primary sources of cash flows are its television and radio operations. Funds for debt service are provided by a combination of funds from operations and cash on hand. In addition, we have an accounts receivable sale facility, the proceeds of which are available for general corporate purposes. Capital expenditures historically have been, and we expect will continue to be, provided by funds from operations and by borrowings. Cash and cash equivalents were \$206.6 million at June 30, 2010 and \$244.6 million at December 31, 2009, a decrease of \$38.0 million. Net cash used in operating activities was \$18.7 million. Net cash provided by investing activities was \$2.2 million primarily attributable to the distribution received from the Reserve Primary Fund and proceeds from the sale of the music business less capital expenditures. Net cash used in financing activities was \$21.5 million primarily attributable to certain payments of long-term debt and capital lease obligations partially offset by additional borrowings from the Company's bank senior secured revolving credit facility.

Capital Expenditures

Capital expenditures totaled \$35.3 million for the six months ended June 30, 2010. The Company's capital expenditures exclude the expenditures financed with capitalized lease obligations. For the full fiscal year 2010, the Company plans on spending approximately \$80.0 million primarily for television station facilities; Univision and TeleFutura Network upgrades and facilities expansion; television station transmitter and HDTV conversion projects; radio station facility upgrades; and normal capital improvements. The Company's 2010 capital expenditure plan includes a small portion of 2009 plan carryovers.

Debt Instruments

Bank Senior Secured Revolving Credit Facility

On June 19, 2009, the Company amended its 7-year, \$750 million bank senior secured revolving credit facility due 2014, (the "Credit Agreement") to modify the financial covenant contained in the Credit Agreement and specify the amount of certain adjustments allowed in the calculation of the Company's EBITDA for the purpose of complying with the financial covenant. Pursuant to the amendment, the Company repaid revolving loans in the amount equal to \$150 million (with simultaneous reductions in the related commitments) with cash on hand, reducing the Company's revolving credit facility from \$750 to \$600 million. Interest accrues at a floating rate, which can be either a Eurodollar rate plus an applicable margin or, at the Company's option, an alternative base rate (defined as the higher of (x) the Deutsche Bank AG New York Branch prime rate and (y) the federal funds effective rate, plus one half percent (0.50%) per annum) plus an applicable margin. The Company has the option to make monthly or quarterly interest payments on this facility. For the six months ended June 30, 2010, the effective interest rate related to this facility was 2.6%. At June 30, 2010, there was \$594.2 million outstanding on this facility. At June 30, 2010, after giving effect to borrowings and outstanding letters of credit, the Company is fully drawn on this facility.

Bank Senior Secured Term Loan Facility and Draw Term Loan

The bank senior secured term loan facility is a 7.5 year facility, totaling \$7 billion due 2014 and accrues interest at a floating rate, which can be either a Eurodollar rate plus an applicable margin or, at the borrower's option, an alternative base rate (defined as the higher of (x) the Deutsche Bank AG New York Branch prime rate and (y) the federal funds effective rate, plus one half percent (0.50%) per annum) plus an applicable margin. In addition the Company has a 7.5 year, \$450 million bank senior secured draw term loan facility due 2014 which is fully drawn. The Company has the option to make monthly or quarterly interest payments on these facilities. For the six months ended June 30, 2010, the effective interest rate related to the senior secured term loan facility was 4.7%, including the impact of the interest rate swaps, and 3.0% excluding the impact of the interest rate swaps. For the six months ended June 30, 2010, the effective interest rate related to the senior secured draw term loan was 2.5%. During the quarter ended June 30, 2010, the Company made its first quarterly payment of 0.625% of the aggregate principal amount of these facilities. The repayment percentage will be reduced to 0.25% beginning June 30, 2012.

Senior Notes—9.75%/10.5% due 2015

The 9.75% senior notes are 8 year notes due 2015, totaling \$1.7 billion and accrue interest at a fixed rate. For any interest period after September 15, 2007 through March 15, 2012, the Company may elect to pay interest on the notes entirely by cash, by increasing the principal amount of the notes or by issuing new notes (“PIK interest”) for the entire amount of the interest payment or by paying interest on half of the principal amount of the notes in cash and half in PIK interest. After March 15, 2012, all interest on the notes will be payable entirely in cash. PIK interest will be paid at the maturity of the senior notes. The notes bear interest at 9.75% and PIK interest will accrue at 10.50%. Interest is payable on these senior notes on March 15th and September 15th each year. The Company has elected the PIK interest option for the payment periods ended September 15, 2009, March 15, 2010 and the payment period ending September 15, 2010 to enhance liquidity in light of the continuing uncertainty in the financial markets. The Company will evaluate this option prior to the beginning of each eligible period, taking into account market conditions and other relevant factors at that time.

Senior Notes—12% due 2014

The \$545.0 million principal amount of the 2014 senior notes mature on July 1, 2014 and pay interest on January 1st and July 1st of each year, commencing on January 1, 2010. Interest on the 2014 senior notes accrues at a fixed rate of 12% per annum and is payable in cash. The Company received proceeds, net of original issue discount, of \$506.9 million from the issuance of the 2014 senior notes. The original issue discount related to these senior notes was \$38.1 million and the effective interest rate for the six months ended June 30, 2010 was 13.95%.

Senior Notes—7.85% due 2011

On July 9, 2009, the Company repurchased \$492.6 million aggregate principal amount of the outstanding 2011 senior notes through a tender offer with the proceeds from the issuance of 12% senior secured notes due 2014. The Company incurred consent solicitation fees of \$14.7 million associated with the tender offer. At June 30, 2010, the outstanding balance of the 2011 senior notes was \$7.5 million. These senior notes pay interest on January 15th and July 15th of each year. In conjunction with the tender offer, the Company also obtained consents to certain amendments to the indenture governing the 2011 senior notes. The amendments to the indenture governing the 2011 senior notes allow the Company (other than during the existence of an event of default under the indenture) to eliminate the liens covenant in the indenture governing the 2011 senior notes at its option, and release the collateral relating to the 2011 senior notes. The amendments also eliminated the reporting and certain other covenants and waived the applicability of the liens covenant in the indenture governing the 2011 senior notes as to the 2014 senior notes described above.

Accounts Receivable Facility

On March 31, 2009, the Company entered into a three-year, \$250 million revolving accounts receivable sale facility, expiring March 31, 2012, the proceeds of which are available for general corporate purposes. This Facility was increased to \$295 million on June 22, 2009 and subsequently amended on October 7, 2009 to increase the borrowing capacity to \$300 million and extend the term for \$255 million to December 15, 2013. Interest is paid monthly on this facility.

Prior to January 1, 2010, the Facility and the borrowings thereunder qualified for off-balance sheet financing. Under ASC 860 *Transfers and Servicing* (“ASC 860”), effective for fiscal years beginning after January 1, 2010, the Facility no longer qualifies for off-balance sheet financing since the Company only sells a partial interest in the underlying accounts receivable. Beginning January 1, 2010, securitization transactions are classified as debt on the Company’s balance sheet and the related cash flows from any future advances or reductions from the \$180 million that was outstanding under the Facility at December 31, 2009 will be reflected as cash flows from financing. The Company recorded \$180 million of debt and a corresponding amount of accounts receivable on its balance sheet during the quarter ended March 31, 2010. The amount outstanding under the accounts receivable facility as of June 30, 2010 is \$180.0 million. See Note 2. *Supplemental Balance Sheet Information*.

Interest Rate Swaps

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

In June 2010, the Company entered into interest rate swap contracts with a combined notional value of \$4.0 billion (the “2010 interest rate swap contracts”) which expire in June of 2013. The 2010 interest rate swap contracts were designated as cash flow hedges of interest rate risk. The effective portion of changes in the fair value of the 2010 interest rate swap contracts are recorded in accumulated other comprehensive income and will be subsequently reclassified into earnings in the same periods during which the original hedged interest payments were forecast. There was no ineffective portion related to the change in fair value of the 2010

interest rate swap contracts. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next twelve months, the Company estimates that \$4.6 million will be reclassified to interest expense related to the 2010 interest rate swap contracts. During the three and six months ended June 30, 2010, such derivatives were used to economically hedge the variable cash flows associated with existing variable-rate debt.

Through October 31, 2009, the Company previously had interest rate swap contracts with a combined notional value of \$7.0 billion. \$2.0 billion of these swaps expired on October 31, 2009 and \$5.0 billion of these swaps expired on April 30, 2010 (the "2007 interest rate swap contracts"). During 2009 and 2010, the Company did not apply hedge accounting on the 2007 interest rate swap contracts as a result of selecting interest payment periods that differed from the interest swap contracts.

Other Matters Related to Long-Term Debt

Voluntary prepayments of principal amounts outstanding under the bank senior secured revolving credit facility, bank senior secured term loan facility and bank senior secured draw term loan (collectively the "Senior Secured Credit Facilities") will be permitted at any time; however, if a prepayment of principal is made with respect to a Eurodollar loan on a date other than the last day of the applicable interest period, the lenders will require compensation for any funding losses and expenses incurred as a result of the prepayment. In addition, the Senior Secured Credit Facilities contain provisions requiring mandatory prepayments if the Company achieves certain levels of excess cash flow as defined or from the proceeds of asset dispositions, casualty events or debt incurrences.

The Senior Secured Credit Facilities and the senior notes contain various covenants and a breach of any covenant could result in a default under those agreements. If any such default occurs, the lenders of the Senior Secured Credit Facilities or the holders of the senior notes may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. In addition, a default under the indentures governing the senior notes would cause a default under the Senior Secured Credit Facilities, and the acceleration of debt under the Senior Secured Credit Facilities or the failure to pay that debt when due would cause a default under the indentures governing the senior notes (assuming certain amounts of that debt were outstanding at the time). The lenders under our Senior Secured Credit Facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Further, following an event of default under our Senior Secured Credit Facilities, the lenders will have the right to proceed against the collateral. The Senior Secured Credit Facilities are secured by, among other things (a) a first priority security interest in substantially all of the assets of the Company, and the Company's material domestic subsidiaries, as defined, including without limitation, all receivables, contracts, contract rights, equipment, intellectual property, inventory, and other tangible and intangible assets, subject to certain customary exceptions; (b) a pledge of (i) all of the present and future capital stock of the Company and each subsidiary guarantor's direct domestic subsidiaries and (ii) 65% of the voting stock of each of our and each guarantor's material direct foreign subsidiaries, subject to certain exceptions; and (c) all proceeds and products of the property and assets described above. In addition, the Senior Secured Credit Facilities are secured by all of the assets of Broadcast Media Partners Holdings, Inc. and a pledge of the capital stock of the Company and all proceeds of the forgoing. The 2014 notes are secured on an equal and ratable basis with the Senior Secured Credit Facilities.

Additionally, the Senior Secured Credit Facilities and the senior notes, excluding the 2011 senior notes, contain certain restrictive covenants which, among other things, limit the incurrence of investments, payment of dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of other indebtedness, liens and encumbrances and other matters customarily restricted in such agreements. The Company is in compliance with all covenants under its Senior Secured Credit Facilities and senior notes as of June 30, 2010.

The subsidiary guarantors under the Company's Senior Secured Credit Facilities and senior notes are all of the Company's domestic subsidiaries other than certain immaterial subsidiaries and certain subsidiaries that are party to the Company's accounts receivable securitization. The guarantees are full and unconditional and joint and several and any subsidiaries of the Company other than the subsidiary guarantors are minor. Univision Communications Inc. is not a guarantor and has no independent assets or operations.

The Company and its subsidiaries, affiliates or significant shareholders may from time to time, in their sole discretion, purchase, repay, redeem or retire any of the Company's outstanding debt or equity securities (including any publicly issued debt securities), in privately negotiated or open market transactions, by tender offer or otherwise.

Reserve Primary Fund

On January 29, 2010, the Company received a distribution of \$23.9 million, which exceeded the Reserve Primary Fund short-term investment asset of \$19.0 million at December 31, 2009. The Company recognized a gain on investment of \$4.9 million for the six months ended June 30, 2010.

Entravision Investment

At June 30, 2010, the Company owned 9.4 million shares of Entravision Class U common stock. The fair value of the Company's investment in Entravision is \$19.7 million at June 30, 2010.

Acquisitions

The Company continues to explore acquisition opportunities to complement and capitalize on its existing business and management. The purchase price for any future acquisitions may be paid with cash derived from operating cash flow, proceeds available under bank facilities, proceeds from future debt offerings, or any combination thereof.

Other

Based on our current level of operations, planned capital expenditures and major contractual obligations, the Company believes that its cash flow from operations, together with available cash and the proceeds from the accounts receivable facility will provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital expenditures for a period that includes at least the next year.

Contractual Obligations

World Cup Rights

On November 2, 2005, the Company acquired the Spanish-language broadcast rights in the U.S. to the 2010 and 2014 FIFA World Cup soccer games and other 2007 through 2014 FIFA events. The Company agreed to pay \$155.0 million for the 2010 games and \$170.0 million for the 2014 games. At June 30, 2010, the \$170.0 million relating to the 2014 games remains outstanding. In addition to these payments, and consistent with past coverage of the World Cup games, the Company will be responsible for all costs associated with advertising, promotion and broadcast of the World Cup games, as well as the production of certain television programming related to the World Cup games. Each scheduled payment under the contract is supported by a letter of credit.

The funds for these payments are expected to come from cash from operations and/or cash on hand.

Below is a summary of the Company's major contractual payment obligations as of June 30, 2010:

Major Contractual Obligations As of June 30, 2010

	Payments Due By Period						TOTAL
	2010	2011	2012	2013	2014	Thereafter	
	(In thousands)						
Senior notes (a).....	\$ —	\$ 7,400	\$ —	\$ —	\$ 545,000	\$ 1,661,600	\$ 2,214,000
Bank senior secured term loan facility	87,300	175,000	96,200	70,000	6,527,500	—	6,956,000
Bank revolver principal.....	—	—	—	—	594,200	—	594,200
Senior secured term loan.....	5,400	11,300	6,200	4,500	419,600	—	447,000
Operating leases.....	17,900	34,500	31,900	26,000	24,600	82,900	217,800
Capital leases.....	3,600	7,300	7,300	3,100	3,100	16,400	40,800
Puerto Rico building lease.....	500	1,000	1,000	1,000	1,000	68,900	73,400
Accounts receivable Facility.....	—	—	—	180,000	—	—	180,000
Programming (b).....	58,200	68,900	52,000	78,200	110,200	3,200	370,700
Research Tools, primarily Nielsen.....	11,500	24,000	5,500	1,800	300	—	43,100
Music license fees.....	3,800	7,000	7,000	7,500	3,700	—	29,000
	<u>\$ 188,200</u>	<u>\$ 336,400</u>	<u>\$ 207,100</u>	<u>\$ 372,100</u>	<u>\$8,229,200</u>	<u>\$ 1,833,000</u>	<u>\$ 11,166,000</u>

(a) Amounts represent payments due at maturity and are not necessarily the balance of our current debt, which include discount and premium amounts.

(b) Amounts exclude the license fees that will be paid in accordance with the PLAs. Amounts include broadcast rights' costs for the 2014 World Cup and other FIFA events.

Off-Balance Sheet Arrangements

Prior to January 1, 2010, the Company's accounts receivable facility and the borrowings thereunder qualified for off-balance sheet financing. Under ASC 860, effective for fiscal years beginning after January 1, 2010, the Facility no longer qualifies for off-balance sheet financing since the Company only sells a partial interest in the underlying accounts receivable. Beginning January 1, 2010, securitization transactions are classified as debt on the Company's balance sheet and the related cash flows from any future advances or reductions from the \$180 million that was outstanding under the Facility at December 31, 2009 will be reflected as cash flows from financing activities. The Company recorded \$180 million of debt and a corresponding amount of accounts receivable on its balance sheet during the quarter ended March 31, 2010. The amount outstanding under the accounts receivable facility as of June 30, 2010 is \$180.0 million.

As of June 30, 2010, the Company does not have any off-balance sheet transactions, arrangements or obligations (including contingent obligations) that would have a material effect on our financial results.

Forward-Looking Statements

Certain statements contained within this report constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify forward-looking statements by terms such as “anticipate,” “plan,” “may,” “intend,” “will,” “expect,” “believe” or the negative of these terms, and similar expressions intended to identify forward-looking statements.

These forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Also, these forward-looking statements present our estimates and assumptions only as of the date of this report. We undertake no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date that the forward looking statement was made.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include: any impact of the economic crisis on our business and financial condition, including reduced advertising revenue; failure to service our debt; inability to comply with our bank credit agreement governing our Senior Secured Credit Facilities, including financial covenants and ratios; cancellation, reductions or postponements of advertising; write downs of the carrying value of assets due to impairment; inability to realize the full value of our intangible assets; failure of our new or existing businesses to produce projected revenues or cash flows; our reliance on Televisa for a significant amount of our network programming; failure to obtain the benefits expected from cross-promotion of media; regional downturns in economic conditions in those areas where our stations are located; possible strikes or other union job actions; changes in the rules and regulations of the Federal Communication Commission; impact of a new audience measurement system on ratings of our radio stations; a decrease in the supply or quality of programming; an increase in the cost of programming; the acceptance of our in-house programming and its profitability; changes in the size of the U.S. Hispanic population; the impact of federal and state immigration legislation and policies on both the U.S Hispanic population and persons emigrating from Latin America; an increase in the preference among Hispanics for English-language programming; the decrease in demand for our programming due to the transition to digital television; the need for any unanticipated expenses; competitive pressures from other broadcasters and other entertainment and news media; potential impact of new technologies; Televisa prevailing on its appeal with respect to our trial on Internet issues; unanticipated interruption in our broadcasting for any reason, including acts of terrorism and a failure to achieve profitability, growth or anticipated cash flows from acquisitions.

Actual results may differ materially due to these risks and uncertainties, which have been described in Univision’s historic filings with the Securities and Exchange Commission and in the offering material for its notes. The Company assumes no obligation to update forward-looking information contained in this reporting package.