UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
2018 Year End Reporting Package

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

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Report of Independent Auditors

Board of Directors and Stockholder of
Univision Communications Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Univision Communications Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, changes in stockholder's equity (deficit), and cash flows for each of the three years in the period ended December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Univision Communications Inc. and subsidiaries at December 31, 2018 and 2017, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2018 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, NY
February 14, 2019

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 128,300	$ 59,600
Accounts receivable, less allowance for doubtful accounts of $4,100 in 2018 and $5,700 in 2017	614,700	666,800
Program rights and prepayments	135,700	167,000
Prepaid expenses and other	81,700	39,600
Current assets held for sale	26,400	32,400
Total current assets	986,800	965,400
Property and equipment, net	594,600	653,300
Intangible assets, net	2,639,200	2,836,800
Goodwill	4,591,800	4,591,800
Program rights and prepayments	85,000	130,100
Investments	120,100	79,000
Noncurrent assets held for sale	—	189,500
Other assets	154,600	157,600
Total assets	$ 9,172,100	$ 9,603,500
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 417,700	$ 386,400
Deferred revenue	85,900	70,800
Current liabilities held for sale	3,500	1,700
Current portion of long-term debt and capital lease obligations	117,700	37,000
Total current liabilities	624,800	495,900
Long-term debt and capital lease obligations	7,440,900	7,999,900
Deferred tax liabilities, net	455,400	435,700
Deferred revenue	388,400	445,700
Noncurrent liabilities held for sale	—	7,000
Other long-term liabilities	125,800	147,200
Total liabilities	9,035,300	9,531,400
Redeemable noncontrolling interests	—	32,500
Stockholder's equity:		
Common Stock, $0.01 par value; 100,000 shares authorized in 2018 and 2017; 1,000 shares issued and outstanding at December 31, 2018 and December 31, 2017	—	—
Additional paid-in-capital	5,292,500	5,283,100
Accumulated deficit	(5,122,800)	(5,195,800)
Accumulated other comprehensive loss	(35,500)	(49,200)
Total Univision Communications Inc. and subsidiaries stockholder's equity	134,200	38,100
Noncontrolling interest	2,600	1,500
Total stockholder's equity	136,800	39,600
Total liabilities, redeemable noncontrolling interests and stockholder's equity	$ 9,172,100	$ 9,603,500

See Notes to Consolidated Financial Statements.

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31,
(In thousands)

	2018	2017	2016
Revenue	$ 2,713,800	$ 2,937,300	$ 2,998,800
Direct operating expenses	1,030,700	978,300	997,800
Selling, general and administrative expenses	681,000	686,900	683,800
Impairment loss	143,400	88,900	204,500
Restructuring, severance and related charges	104,800	52,300	27,500
Depreciation and amortization	166,300	180,400	180,400
Gain on sale of assets, net	(23,300)	(183,300)	—
Operating income	610,900	1,133,800	904,800
Other expense (income):			
Interest expense	391,200	422,700	493,900
Interest income	(12,900)	(12,000)	(11,000)
Amortization of deferred financing costs	7,600	10,100	15,800
Loss on extinguishment of debt	—	41,500	26,500
Other, net	22,700	7,900	30,000
Income before income taxes	202,300	663,600	349,600
Provision (benefit) for income taxes	52,600	(8,900)	120,400
Income from continuing operations	149,700	672,500	229,200
Loss from discontinued operations, net of income taxes	(148,900)	(24,200)	(13,500)
Net income	800	648,300	215,700
Net loss attributable to noncontrolling interests	(4,000)	(6,600)	(3,200)
Net income attributable to Univision Communications Inc. and subsidiaries	$ 4,800	$ 654,900	$ 218,900

See Notes to Consolidated Financial Statements.

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31,
(In thousands)

	2018	2017	2016
Net income	$ 800	$ 648,300	$ 215,700
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on hedging activities	29,200	(5,400)	4,700
Reclassification of hedging activities to income	(4,000)	(3,600)	4,000
Unrealized loss on available for sale securities	(9,000)	(48,800)	(3,400)
Currency translation adjustment	—	100	(900)
Other comprehensive income (loss)	16,200	(57,700)	4,400
Comprehensive income	17,000	590,600	220,100
Comprehensive loss attributable to noncontrolling interests	(4,000)	(6,600)	(3,200)
Comprehensive income attributable to Univision Communications Inc. and subsidiaries	$ 21,000	$ 597,200	$ 223,300

See Notes to Consolidated Financial Statements.

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
For the Years Ended December 31, 2016, 2017 and 2018
(In thousands)

	Univision Communications Inc. and Subsidiaries Stockholder's Equity (Deficit)						
	Common Stock	Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total	Noncontrolling Interest[(a)]	Total Equity (Deficit)
Balance, December 31, 2015	$ —	$ 5,267,700	$ (6,063,800)	$ 4,100	$ (792,000)	$ 900	$ (791,100)
Net income (loss)	—	—	218,900	—	218,900	(1,200)	217,700
Other comprehensive income	—	—	—	4,400	4,400	—	4,400
Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	(7,100)	—	—	(7,100)	—	(7,100)
Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	21,600	—	—	21,600	—	21,600
Adoption of ASU 2016-09, net of tax	—	1,800	1,200	—	3,000	—	3,000
Noncontrolling interest	—	—	—	—	—	1,000	1,000
Balance, December 31, 2016	$ —	$ 5,284,000	$ (5,843,700)	$ 8,500	$ (551,200)	$ 700	$ (550,500)
Net income (loss)	—	—	654,900	—	654,900	(200)	654,700
Other comprehensive loss	—	—	—	(57,700)	(57,700)	—	(57,700)
Repurchase of common stock on behalf of Univision Holdings, Inc.	—	(17,800)	—	—	(17,800)	—	(17,800)
Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	(9,300)	—	—	(9,300)	—	(9,300)
Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	27,400	—	—	27,400	—	27,400
Adoption of ASU 2016-16, net of tax	—	—	(7,000)	—	(7,000)	—	(7,000)
Adjustment to redeemable noncontrolling interests	—	(1,200)	—	—	(1,200)	—	(1,200)
Noncontrolling interest	—	—	—	—	—	1,000	1,000
Balance, December 31, 2017	$ —	$ 5,283,100	$ (5,195,800)	$ (49,200)	$ 38,100	$ 1,500	$ 39,600
Net income	—	—	4,800	—	4,800	700	5,500
Other comprehensive income	—	—	—	16,200	16,200	—	16,200
Repurchase of common stock on behalf of Univision Holdings, Inc.	—	(5,000)	—	—	(5,000)	—	(5,000)
Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	(6,000)	—	—	(6,000)	—	(6,000)
Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	25,300	—	—	25,300	—	25,300
Adoption of new accounting standards, net of tax (See Note 1)	—	—	66,900	(2,500)	64,400	—	64,400
Noncontrolling interests	—	(4,900)	1,300	—	(3,600)	400	(3,200)
Balance, December 31, 2018	$ —	5,292,500	(5,122,800)	(35,500)	134,200	2,600	136,800

(a) Excludes redeemable noncontrolling interests which are reflected in temporary equity. The Company acquired the redeemable noncontrolling interests on September 28, 2018. (See Note 10. *Investments and Noncontrolling Interests* under the heading "Redeemable Noncontrolling Interests").

See Notes to Consolidated Financial Statements.

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,
(In thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 800	$ 648,300	$ 215,700
Less: Loss from discontinued operations, net of tax	(148,900)	(24,200)	(13,500)
Income from continuing operations	149,700	672,500	229,200
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation	112,300	126,500	126,500
Amortization of intangible assets	54,000	53,900	53,900
Amortization of deferred financing costs	7,600	10,100	15,800
Deferred income taxes	63,100	(43,400)	105,000
Non-cash deferred advertising revenue	(56,200)	(60,200)	(60,100)
Impairment loss	143,400	88,900	204,500
Share-based compensation	18,700	29,200	20,900
Gain on sale of assets, net	(23,300)	(183,300)	—
Other non-cash items	12,500	(9,500)	16,900
Changes in assets and liabilities:			
Accounts receivable, net	53,100	22,700	24,600
Program rights and prepayments	26,200	(44,000)	(95,300)
Prepaid expenses and other	(16,700)	(6,400)	14,700
Accounts payable and accrued liabilities	101,900	(46,700)	(23,200)
Deferred revenue	14,100	79,300	(23,900)
Other long-term liabilities	(1,300)	(8,600)	(8,700)
Other assets	9,900	(100,100)	3,500
Net cash provided by operating activities from continuing operations	669,000	580,900	604,300
Net cash used in operating activities from discontinued operations	(13,200)	(21,400)	(26,200)
Net cash provided by operating activities	655,800	559,500	578,100
Cash flows from investing activities:			
Capital expenditures	(56,700)	(86,400)	(98,900)
Advance on monetization of spectrum assets	—	411,200	—
Proceeds from sale of fixed assets and other	12,600	49,400	102,300
Proceeds from sale of investment	1,200	—	2,200
Investments	(2,300)	(5,400)	(6,600)
Acquisition of businesses, net of cash	—	—	9,900
Acquisition of broadcast licenses and other intangible assets	(6,100)	(25,600)	—
Net cash (used in) provided by investing activities from continuing operations	(51,300)	343,200	8,900
Net cash used in investing activities from discontinued operations	(2,700)	(2,800)	(160,400)
Net cash (used in) provided by investing activities	(54,000)	340,400	(151,500)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	4,463,500	—
Proceeds from revolving debt	519,000	1,329,000	1,281,000
Payments of long-term debt and capital leases	(55,100)	(5,362,600)	(869,600)
Payments of revolving debt	(953,000)	(1,320,000)	(856,000)
Repurchase of common stock on behalf of Univision Holdings, Inc	(9,000)	(17,800)	—
Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	(6,000)	(9,300)	(7,100)
Acquisition of noncontrolling interests	(28,700)	—	—
Funding for discontinued operations	(15,900)	(24,200)	(190,500)
Other	(400)	(1,600)	(5,200)
Net cash used in financing activities from continuing operations	(549,100)	(943,000)	(647,400)
Net cash provided by financing activities from discontinued operations	15,900	24,200	186,700
Net cash used in financing activities	(533,200)	(918,800)	(460,700)
Net increase (decrease) in cash, cash equivalents, and restricted cash	68,600	(18,900)	(34,100)
Cash, cash equivalents, and restricted cash, beginning of period	61,400	80,300	114,400
Cash, cash equivalents, and restricted cash, end of period	$ 130,000	$ 61,400	$ 80,300
Supplemental disclosure of cash flow information:			
Interest paid	$ 400,200	$ 444,300	$ 503,000
Income taxes paid	$ 1,100	$ 28,600	$ 8,500
Capital lease obligations incurred to acquire assets	$ 5,900	$ 300	$ 6,000

See Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

Nature of operations—Univision Communications Inc. together with its subsidiaries (the "Company" or "Univision") is the leading media company serving Hispanic America and has operations in two business segments: Media Networks and Radio. The Company is wholly owned by Broadcast Media Partners Holdings, Inc. ("Broadcast Holdings") which is itself owned by Univision Holdings Inc., ("UHI"), an entity principally owned by Madison Dearborn Partners, LLC, Providence Equity Partners Inc., Saban Capital Group, Inc., TPG Global, LLC, Thomas H. Lee Partners, L.P. and their respective affiliates (collectively, the "Original Sponsors") and Grupo Televisa S.A.B. and its affiliates ("Televisa").

The Company's Media Networks segment includes *Univision Network*; *UniMás*; 10 cable networks, including *Galavisión* and *Univision Deportes Network*; and 65 owned and operated television stations. The Media Networks segment also includes digital properties consisting of online and mobile websites and applications including *Univision.com* and *Univision Now*, a direct-to-consumer on-demand and live streaming subscription service. The Radio segment includes 58 owned and operated radio stations; *Uforia*, a music application featuring multimedia music content; and the audio-only elements of *Univision.com.* Additionally, the Company incurs corporate expenses separate from the two segments which include general corporate overhead and unallocated, shared company expenses related to human resources, finance, legal and executive which are centrally managed and support the Company's operating and financing activities. Unallocated assets include the retained interest in the Company's accounts receivable facility, fixed assets and deferred financing costs that are not allocated to the segments.

In 2018, as part of an overall strategic review resulting in a renewed focus on the Company's core Hispanic broadcasting and digital operations, the Company initiated a process to sell its English-language digital businesses including the *Gizmodo Media Group, The Onion* and *Fusion Digital* collectively referred to as the English-language digital assets or businesses. The *Gizmodo Media Group* is comprised principally of *Gizmodo, Deadspin, Lifehacker, Jezebel, Splinter, The Root, Kotaku, Earther* and *Jalopnik.* The results of the English-language digital businesses have been classified as discontinued operations for all periods presented. See Note—11. *Discontinued Operations* for additional information. Unless indicated otherwise, the information in the notes to the consolidated financial statements relates to the Company's continuing operations. The English-language digital businesses were previously included in the Media Networks segment.

Principles of consolidation—The consolidated financial statements include the accounts and operations of the Company and its majority owned and controlled subsidiaries. All intercompany accounts and transactions have been eliminated. Noncontrolling interests have been recognized where a controlling interest exists, but the Company owns less than 100% of the controlled entity. The Company has consolidated the special purpose entities associated with its accounts receivable facility (see Note 13. *Debt*), and other investments as the Company has determined that they are variable interest entities for which the Company is the primary beneficiary. This determination was based on the fact that these special purpose entities 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. The consolidation of these special purpose entities does not have a significant impact on the Company's consolidated financial statements.

The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting. Under the equity method of accounting, the Company's share of the earnings and losses of these companies is included in Other income in the accompanying consolidated statements of operations of the Company. For certain equity method investments, the Company's share of earnings and losses is based on contractual liquidation rights. For equity investments which are not accounted for under the equity method, the Company measures these investments at fair value, with changes in fair value recognized in earnings.

Use of estimates—The preparation of financial statements in conformity with U.S. generally accepted accountings principles ("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. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and definite-lived intangibles; the valuation of derivatives, deferred tax assets, program rights and prepayments, fixed assets, investments, intangibles and goodwill; amortization of program rights and prepayments; share-based compensation; reserves for income tax uncertainties and other contingencies; and the application of purchase accounting.

Cash equivalents—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair value measurements—The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Revenue—Advertising—The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations and its websites and mobile applications. Advertising revenues are recorded net of volume and prompt payment discounts. The Company offers advertising at market rates.

For the broadcast and cable networks, the Company sells advertising time in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season in advance, often at discounted rates from the Company's standard rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run and often pay a premium to the Company's standard rates. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time, type of programming and economic conditions. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. To the extent cash is collected prior to revenue recognition, the Company records its obligation to deliver additional advertising time as an accrued revenue obligation.

For the local television and radio stations, the Company sells national spot advertising and local advertising. National spot advertising represents time sold to advertisers that advertise in more than one designated market area ("DMA"). Local advertising revenue is generated from local merchants and service providers and regional and national businesses and advertising agencies located in one or more DMA. The Company often sells local advertising as a package across platforms, including local television, radio and related digital properties. The Company acts as the exclusive national sales representative for the sale of all national advertising on Univision's broadcast network affiliate stations and generally receives commission income based on a percentage of the Company's affiliate stations' total net advertising sales for representing them on national sales.

The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on its websites and mobile applications.

Advertising revenue is recognized when advertising spots are aired or as "impressions" are delivered and performance guarantees, if any, are achieved. The achievement of performance guarantees is based on audience ratings from an independent research company. If there is a guarantee to deliver a targeted audience rating or number of impressions, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. "Impressions" are defined as the number of times that an advertisement appears in pages viewed by users of the Company's digital properties. Sponsorship advertisement revenue is recognized ratably over the contract period. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration it is entitled for the advertising services.

In the normal course of business, the Company uses an intermediary or agent in executing transactions with third parties. When the intermediary or agent is determined to be the Company's customer, the Company records revenue based on the amount it expects to receive from the agent or intermediary.

In other circumstances, the determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Company serves as the principal in transactions in which it controls the goods or services prior to being transferred to the ultimate customer.

Subscription—Subscription revenue includes fees charged for the right to view the Company's broadcast and cable networks and retransmit its stations as well as to view the Company's content made available to customers through a variety of distribution platforms and viewing devices. Subscription revenue is principally comprised of fees received from multichannel video programming

distributors ("MVPDs") for carriage of the Company's networks as well as for authorizing carriage ("retransmission consent") of Univision and UniMás broadcast networks aired on the Company's owned television stations as well as fees for digital content. Typically, the Company's networks and stations are aired on MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company's networks and stations will receive, and if applicable, for annual rate increases. Carriage of the Company's networks and stations is generally determined by package, such as whether its networks are included in the more widely distributed, general entertainment packages or lesser-distributed, specialized packages, such as U.S. Hispanic-targeted or Spanish-language packages, sports packages, and movies or music packages. Subscription revenue is largely dependent on the contractual rate-per-subscriber negotiated in the agreements, the number of subscribers that receive the Company's networks or content, and the market demand for the content that the Company provides. Judgement is sometimes required in circumstances where multiple services have been included in negotiated rates and one or more of those services is considered a distinct performance obligation that should be accounted for separately versus together. Subscriber fees received from cable and satellite MVPDs are recognized as revenue in the period that services are provided or, in the case of digital content, available for display based on an agreed upon contractual rate applied to the number of subscribers to the customer's service. The Company does not disclose future performance obligations on subscriber contracts which have additional terms of one to three years and are based on usage-royalties of its intellectual property (i.e. programming content). All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the subscription services.

The Company also receives retransmission consent fees related to television stations affiliated with Univision and UniMás broadcast networks that the Company does not own (referred to as "affiliates"). The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of their Univision and UniMás stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

Content Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. The Company views the licensing of digital content as a separate revenue category. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the content licensing.

Program rights and prepayments—The Company acquires program rights to exhibit on its broadcast and cable networks, including television shows, movies, and sports content. The costs incurred to acquire programming are capitalized when (i) the cost of the programming is reasonably determined, (ii) the programming has been accepted in accordance with the terms of the agreement, (iii) the programming is available for its first showing or telecast and (iv) the license period has commenced. The costs of program rights are classified as program prepayments if the rights payments are made before the related economic benefit has been received. The costs of original programs are capitalized when incurred. All program rights and prepayments on the Company's balance sheet are subject to regular recoverability assessments.

Acquired program rights for television shows and movies are amortized over their economic life, which is the period in which an economic benefit is expected to be generated, based on the estimated relative value of each broadcast of the program over the program's life. Acquired program costs for television shows and movies are charged to operating expense as the programs are broadcast. Acquired program costs for multi-year sports programming arrangements are amortized to operating expense over the license period based on the ratio of current-period direct revenue to estimated remaining total direct revenue over the remaining contract period. In the case of original programming, program costs are amortized to operating expense utilizing an individual-film-forecast-computation method over the title's life cycle based upon the ratio of current period revenue to estimated remaining ultimate revenue.

The accounting for television shows and movie rights, sports rights, program rights prepayments and capitalized original program costs, requires judgment, particularly in the process of estimating the revenue to be earned over the life of the asset and total costs to be incurred ("ultimate revenue"). These judgments are used in determining the amortization of, and any necessary impairment of, capitalized costs. Estimated ultimate revenue is based on factors such as historical performance of similar programs, actual and forecasted ratings and the genre of the program. If planned usage patterns or estimated relative values by year were to change significantly, amortization of the Company's capitalized costs may be accelerated or slowed. Program rights prepayments and capitalized original program costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these long-lived assets 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. Such measurements are classified as Level 3 within the fair value hierarchy as key inputs used to value program and sports rights include ratings and undiscounted cash flows. If the carrying amount of an asset exceeds its estimated undiscounted future cash flow, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Accounting for goodwill, other intangibles and long-lived assets—Goodwill and other intangible assets with indefinite lives are tested annually for impairment on October 1 or more frequently if circumstances indicate a possible impairment exists.

The Company applies the method of assessing goodwill for possible impairment permitted by Accounting Standards Update ("ASU") 2017-04, *Intangibles - Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment*. The Company first assesses the qualitative factors for reporting units that carry goodwill. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit.

When a qualitative assessment is not used, or if the qualitative assessment is not conclusive and it is necessary to calculate fair value of a reporting unit, then the impairment analysis for goodwill is performed at the reporting unit level using a two-step approach. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill utilizing an enterprise-value based approach. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill.

The Company also has indefinite-lived intangible assets, such as television and radio broadcast licenses and tradenames. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test.

If the qualitative assessment determines that it is more likely than not that the fair value of the intangible asset is more than its carrying amount, then the Company concludes that the intangible asset is not impaired. If the Company does not choose to perform the qualitative assessment, or if the qualitative assessment determines that it is more likely than not that the fair value of the intangible asset is less than its carrying amount, then the Company calculates the fair value of the intangible asset and compares it to the corresponding carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized for the excess carrying value over the fair value.

If a quantitative test is performed, the Company will calculate the fair value of the intangible assets. The fair value of the television and radio broadcast licenses is determined using the direct valuation method, for which the key assumptions are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. For trade names, the Company assesses recoverability by utilizing the relief from royalty method to determine the estimated fair value. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates. The fair value of the intangible assets is classified as a Level 3 measurement. When a qualitative test is performed, the Company considers the same key assumptions that would have been used in a quantitative test to determine if these factors would negatively affect the fair value of the intangible assets.

Univision Network and *UniMás* network programming is broadcast on the television stations. Federal Communications Commission ("FCC") broadcast licenses associated with the *Univision Network* and *UniMás* stations are tested for impairment at their respective network level. Broadcast licenses for television stations that are not dependent on network programming are tested for impairment at the local market level. Radio broadcast licenses are tested for impairment at the local market level.

Long-lived assets, such as property and equipment, intangible assets with definite lives, channel-sharing arrangements 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 undiscounted 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 recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. 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. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

For all hedging relationships, the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged transaction, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of

the method used to measure ineffectiveness. The Company also formally assesses, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments not designated as hedging instruments, the derivative is marked to market with the change in fair value recorded directly into interest expense. The Company classifies cash flows from its derivative transactions as cash flows from operating activities in the consolidated statements of cash flows.

The Company discontinues hedge accounting prospectively when (i) it determines that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk; (ii) the derivative expires or is sold, terminated, or exercised; (iii) the cash flow hedge is de-designated because a forecasted transaction is not probable of occurring; or (iv) management determines to remove the designation of the cash flow hedge. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent changes in its fair value in earnings, and any associated balance in accumulated other comprehensive income (loss) will be reclassified into interest expense in the same periods during which the forecasted transactions that originally were being hedged affect earnings. When it is probable that a forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately in earnings gains and losses that were accumulated in other comprehensive income (loss) related to the hedging relationship.

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 retirement or disposal of such assets and the resulting gain or loss, if any, is then recognized. Land and 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. Property and 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 as incurred.

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

Legal costs—Legal costs are expensed as incurred unless required by GAAP to be capitalized.

Advertising and promotional costs—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 requisite service period which generally matches the stated vesting schedule. The Company's stock options vest over periods of between three and five years from the date of grant. The Company's restricted stock unit awards vest over periods of between three and four years from the date of grant. The fair value of each new stock option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The Black-Scholes-Merton option-pricing model was developed for use in estimating the value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions. Inherent in this model are assumptions related to stock price, expected stock-price volatility, expected term, risk-free interest rate and dividend yield. The risk-free interest rate is based on data derived from public sources. The estimated stock price is based on comparable public company information and the Company's estimated discounted cash flows. The expected stock-price volatility is primarily based on comparable public company information. Expected term and dividend yield assumptions are based on management's estimates. The fair value of restricted stock units awarded to employees is measured at estimated intrinsic value at the date of grant. The Company accounts for forfeitures when they occur.

Income taxes—Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company classifies all deferred tax assets and liabilities, net as noncurrent on the consolidated balance sheet. Valuation allowances are established when management determines that it is more likely than not that some portion or the entire deferred tax asset will not be realized. The future realization of deferred tax assets depends on the existence of sufficient taxable income of the appropriate character in either the carry back or carry forward period under the tax law for the deferred tax asset. In a situation where the net operating losses are more likely than not to expire prior to being utilized the Company has established the appropriate valuation allowance. If estimates of future taxable income during the net operating loss carryforward period are reduced

the realization of the deferred tax assets may be impacted. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognizes interest and penalties, if any, related to uncertain income tax positions in income tax expense. There is considerable judgment involved in assessing whether deferred tax assets will be realized and in determining whether positions taken on the Company's tax returns are more likely than not of being sustained.

Concentration of credit risk—Financial instruments that potentially subject the Company to concentrations of credit 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 revenue of the Company for the years ended December 31, 2018, 2017 or 2016 or of the Company's accounts receivable as of December 31, 2018 and 2017. The Company extends credit based on an evaluation of the customers' financial condition and historical experience. 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.

Securitizations—Securitization transactions in connection with the Company's accounts receivable facility are classified as debt on the Company's balance sheet and the related cash flows from any advances or reductions are reflected as cash flows from financing activities. 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 accounts receivable that have not been sold to investors. The retained interest is subordinated to the sold interest in that it absorbs 100% of any credit losses on the sold receivable interests. The Company services the receivables sold under the facility.

Reclassifications—Certain reclassifications have been made to the prior year financial statements to conform to the current period presentation.

New accounting pronouncements—In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (ASC 606), as amended. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company elected to early adopt the standard effective January 1, 2018, using the full retrospective method. The Company implemented internal controls and reviewed its primary revenue processes and major revenue contracts to assess the impact of the new revenue standard and determined that the impact of the new standard was not significant. In addition, the Company noted that any practical expedients permitted by the new standard did not have a material effect on its consolidated financial condition and results of operations.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* that make limited changes to the accounting for financial instruments. The changes primarily related to (i) the requirement to measure equity investments in unconsolidated subsidiaries, other than those accounted for under the equity method of accounting, at fair value, with changes in the fair value recognized in earnings, (ii) an alternative approach for the measurement of equity investments that do not have a readily determinable fair value, (iii) the elimination of the other-than-temporary impairment model and its replacement with a requirement to perform a qualitative assessment to identify the impairment of equity investments, and a requirement to recognize impairment losses in earnings based on the difference between the fair value and the carrying value of the equity investment, (iv) the elimination of the requirement to disclose the methods and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost, (v) the addition of a requirement to use the exit price concept when measuring the fair value of financial instruments for disclosure purposes and (vi) the addition of a requirement to present financial assets and financial liabilities separately in the notes to the financial statements, grouped by measurement category (e.g., fair value, amortized cost, lower of cost or market) and by form of financial asset (e.g., loans, securities). The Company adopted ASU 2016-01 as of January 1, 2018 and recorded a cumulative-effect adjustment to retained earnings, net of tax, of approximately $64.4 million to increase its investment in Entravision Communications Corporation ("Entravision") to its fair value of $66.9 million as of the date of adoption (See Note 10. *Investments and Noncontrolling Interests*).

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting*. ASU 2017-09 was issued to provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The amendments in this ASU provide guidance about which changes to the terms or conditions of a share-based

payment award require an entity to apply modification accounting in Topic 718. An entity will not have to account for the effects of a modification if: (1) the fair value of the modified award is the same immediately before and after the modification; (2) the vesting conditions of the modified award are the same immediately before and after the modification; and (3) the classification of the modified award as either an equity instrument or liability instrument is the same immediately before and after the modification. The Company adopted ASU 2017-09 as of January 1, 2018 and will apply this guidance prospectively. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815)*, *Targeted Improvements to Accounting for Hedging Activities*. This ASU is intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in the financial statements. The ASU also eliminates the requirement to separately measure and report hedge ineffectiveness so that the entire change in fair value of the hedging instrument included in the assessment of effectiveness is recorded in other comprehensive income and reclassified into earnings when the hedged item affects earnings. The Company adopted ASU 2017-12 as of January 1, 2018 and eliminated the separate measurement of ineffectiveness by means of a cumulative effect adjustment to other comprehensive income with a corresponding adjustment to the opening balance of retained earnings. As of January 1, 2018, the modified retrospective application of ASU 2017-12 resulted in a cumulative effect reclassification to retained earnings, net of tax, of $0.2 million from accumulated other comprehensive income.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. ASU 2018-02 permits a company to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") on items within accumulated other comprehensive income to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within that fiscal year. Early adoption is permitted. The Company early adopted this guidance as of June 30, 2018 and elected to reclassify the disproportionate income tax effects of the Tax Act of approximately $2.3 million from accumulated other comprehensive income to retained earnings.

Recent accounting guidance not yet adopted—In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This guidance changes the accounting treatment of leases by requiring lessees to recognize operating leases on the balance sheet as lease assets (a right-to-use asset) and lease liabilities (a liability to make lease payments), measured on a discounted basis and will require both quantitative and qualitative disclosure regarding key information about the leasing arrangements. An accounting policy election to not recognize operating leases with terms of 12 months or less as assets and liabilities is permitted. This guidance is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-02 required entities to adopt the new lease standard using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842) *Targeted Improvements*, which provides entities with an additional (and optional) transition method to adopt the new lease standard. Under this new method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company intends to adopt this guidance on January 1, 2019 utilizing the transition method described in ASU 2018-11. In January 2018, the FASB issued ASU 2018-01, *Leases* (Topic 842) *Land Easement Practical Expedient*, which allows entities to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842. The Company established an implementation team to identify a complete list of all leases, determine which practical expedients to utilize, and gather data required to comply with adoption of the new standard. To date, all leases have been identified. The Company expects to recognize a right-to-use asset and a lease liability for its operating lease commitments on its Consolidated Balance Sheet and is assessing any additional impact this new standard may have on its consolidated financial condition and results of operations. The Company also anticipates additional disclosures to be provided at adoption.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. For public business entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. For other than public business entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact that ASU 2016-13 will have on its consolidated financial statements and disclosures.

In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. The new guidance simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under ASU 2018-07, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. For public business entities, ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods therein. For other than public business entities, ASU 2018-07 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2018-07 will have on its consolidated financial statements and disclosures.

In February 2019, the FASB ratified the Emerging Issues Task Force (EITF) consensus 18-B: Improvements to Accounting for Episodic Television Series ("EITF 18-B") to align the accounting for film production costs with the cost capitalization of episodic content produced on television and streaming services including the elimination of the requirement that an episodic television series producer's capitalization of costs be limited to contracted revenues until it has persuasive evidence that a secondary market exists. In addition, EITF 18-B requires that the unit of account for impairment testing should be the lowest level for which identifiable cash flows are largely independent of the cash flows of other films or license agreements (i.e., individual film level or film group level) and amends the presentation and disclosure requirements for films and episodic content. EITF 18-B makes conforming amendments to Subtopic 920-350, *Entertainment—Broadcasters—Intangibles—Goodwill and Other,* to align its impairment and presentation and disclosure guidance with the EITF's decisions. The EITF also reached decisions on other items, including amortization, the cash flow presentation of payments for license agreements, transition and transition disclosures. EITF 18-B is effective for public business entities for fiscal years beginning after December 15, 2019 and interim periods within those years. For other than public business entities, EITF 18-B is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that EITF 18-B will have on its consolidated financial statements and disclosures but does not anticipate the impact to be material.

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 February 14, 2019, the date the financial statements were issued.

2. Cash, Cash Equivalents and Restricted Cash

The following table provides the balance sheet details that sum to the total of cash, cash equivalents and restricted cash in the statement of cash flows.

	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 128,300	$ 59,600	$ 66,500
Restricted cash included in Prepaid expenses and other	200	300	900
Restricted cash included in Other assets	1,500	1,500	12,900
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 130,000	$ 61,400	$ 80,300

Amounts included in restricted cash as of December 31, 2018 and 2017 pertain to certain lease and grant arrangements. Amounts included in restricted cash as of December 31, 2016 primarily represent those required to be set aside by a contractual agreement with former employees, for which the restrictions lapsed during 2017.

3. Property and Equipment

Property and equipment consists of the following:

	December 31, 2018	December 31, 2017
Land and improvements	$ 94,700	$ 98,700
Buildings and improvements	371,500	369,500
Broadcast equipment	405,900	426,400
Furniture, computer and other equipment	269,000	304,100
Land, building, transponder equipment and vehicles financed with capital leases	103,100	108,100
	1,244,200	1,306,800
Accumulated depreciation	(649,600)	(653,500)
	$ 594,600	$ 653,300

Depreciation expense on property and equipment was $112.3 million, $126.5 million and $126.5 million, respectively, for the years ended December 31, 2018, 2017 and 2016. Accumulated depreciation related to assets financed with capital leases at December 31, 2018 and 2017 is $47.0 million and $49.6 million, respectively.

4. Goodwill and Other Intangible Assets

Goodwill and other intangible assets with indefinite lives, such as television and radio broadcast licenses and trade names, are not amortized and are tested for impairment annually or more frequently if circumstances indicate a possible impairment exists. The Company's gross goodwill, accumulated impairment losses and net carrying amount is $6,160.1 million, $1,568.3 million and $4,591.8 million, respectively, as of December 31, 2016, 2017 and 2018.

Goodwill is associated with the Media Network segment and was tested quantitatively as of October 1, 2018. For purposes of analyzing the goodwill, the Company used the income approach to measure the reporting unit's fair value. There was no impairment of goodwill for the years ended December 31, 2018, 2017 or 2016.

The fair value of the Company's Media Network segment reporting unit is classified as a Level 3 measurement due to the significance of unobservable inputs based on company-specific information. Under the income approach, the Company calculated the present value of the reporting unit's estimated future cash flows. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rates used were based on a weighted-average cost of capital ("WACC") adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on its projected cash flows. The discount rate also reflected adjustments required when comparing the sum of the fair values of each of the Company's reporting units to the Company's overall valuation. In addition, the Company used projected revenue growth rates, profitability, the risk factors added to the discount rate and a terminal growth rate in the unobservable inputs used to estimate the fair value of the Media Network segment reporting unit.

The Company's 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 FCC. Historically, all material television and radio licenses that have been up for renewal have been renewed. The Company is unable to predict the effect that further technological changes will have on the television and radio industry or the future results of its television and radio broadcast businesses. 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. The radio and television broadcast licenses were tested for impairment as of October 1, 2018. Based on ongoing review of market conditions and long-term growth rates, the Company recognized impairment losses in the Radio segment on its broadcast licenses of $92.1 million, $71.5 million and $192.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The fair value of the television and radio broadcast licenses is determined using the direct valuation method which is classified as a Level 3 measurement. Under the direct valuation method, the fair value of the television and radio broadcast licenses is calculated at the network or market level as applicable. The application of the direct valuation method attempts to isolate the income that is properly attributable to the television and radio broadcast licenses alone (that is, apart from tangible and identified intangible assets). It is based upon modeling a hypothetical "greenfield" build-up to a "normalized" enterprise that, by design, lacks inherent goodwill and whose only other assets have essentially been paid for (or added) as part of the build-up process. Under the direct valuation method, it is assumed that rather than acquiring television and radio broadcast licenses as part of a going concern business, the buyer hypothetically develops television and radio broadcast licenses and builds a new operation with similar attributes from inception. Thus, the buyer incurs start-up costs during the build-up phase. Initial capital costs are deducted from the discounted cash flow model which results in a value that is directly attributable to the indefinite-lived intangible assets. The key assumptions used in the direct valuation method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. The market revenue growth rate assumption is impacted by, among other things, factors affecting the local advertising market for local television and radio stations. This data is populated using industry normalized information representing an average FCC license within a market. For the Company's broadcast license impairment testing, significant unobservable inputs utilized included discount rates and terminal growth rates.

The Company's trade names were assessed for impairment as of October 1, 2018. The Company recognized impairment losses on the tradename in the Radio segment of zero, $6.6 million and $2.1 million for the years ended December 31, 2018, 2017 and 2016, respectively. The Company assessed recoverability by utilizing the relief from royalty method to determine the estimated fair value of the trade names which are classified as Level 3 measurements. The relief from royalty method estimates the Company's theoretical royalty savings from ownership of the intangible asset. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates. Discount rates, royalty rates, growth rates and sales projections are the assumptions most sensitive and susceptible to change as they require significant management judgment. Discount rates used are similar to the rates estimated by the WACC considering any differences in Company-specific risk factors and the uncertainty related

to the radio segment's ability to execute on the projected cash flows. Royalty rates are established by management and are periodically substantiated by third party valuation consultants. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and sales projections associated with the trademarks. Terminal value rate determination follows common methodology of capturing the present value of perpetual sales estimates beyond the last projected period assuming a constant WACC and constant long-term growth rates.

The Company has various intangible assets with definite lives that are being amortized on a straight-line basis. Advertiser related intangible assets are primarily being amortized through 2026, and the multiple system operator contracts and relationships and broadcast affiliate agreements and relationships are primarily being amortized through 2027 and 2035, respectively. For the years ended December 31, 2018, 2017 and 2016, the Company incurred amortization expense of $54.0 million, $53.9 million and $53.9 million, respectively.

The following is an analysis of the Company's intangible assets currently being amortized, intangible assets not being amortized and estimated amortization expense for the years 2019 through 2023:

	As of December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Being Amortized			
Multiple system operator contracts and relationships and broadcast affiliate agreements	$ 1,124,500	$ 555,800	$ 568,700
Advertiser related intangible assets, primarily advertiser contracts	91,300	73,000	18,300
Other amortizable intangibles	100	—	100
Total	$ 1,215,900	$ 628,800	587,100
Intangible Assets Not Being Amortized			
Broadcast licenses			1,749,300
Trade names and other assets			302,800
Total			2,052,100
Total intangible assets, net			$ 2,639,200

	As of December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Being Amortized			
Multiple system operator contracts and relationships and broadcast affiliate agreements	$ 1,124,500	$ 505,400	$ 619,100
Advertiser related intangible assets, primarily advertiser contracts	91,300	69,500	21,800
Other amortizable intangibles	100	—	100
Total	$ 1,215,900	$ 574,900	641,000
Intangible Assets Not Being Amortized			
Broadcast licenses			1,893,000
Trade names and other assets			302,800
Total			2,195,800
Total intangible assets, net			$ 2,836,800

The Company's estimated amortization expense is approximately $52.9 million for each of the years ended December 31, 2019, 2020, 2021, 2022 and 2023.

5. Broadcast Incentive Auction and Channel-Sharing Arrangements

In July 2017, the Company received approximately $376.0 million in net proceeds by monetizing a portion of its spectrum assets in the FCC broadcast incentive auction and as a result of entering into related channel-sharing arrangements to either provide third party unaffiliated broadcasters with access to the Company's spectrum in certain markets where it did not sell spectrum in the auction, or receive access from third party unaffiliated broadcasters to spectrum in markets in which the Company sold spectrum.

In connection with the broadcast incentive auction the Company agreed to sell certain spectrum assets in New York, Chicago and Philadelphia and during the year ended December 31, 2017, received proceeds of $411.2 million from the FCC. During the year ended December 31, 2017, the Company relinquished its spectrum rights in New York and Chicago and recorded a gain of $153.9 million. During 2018, the Company relinquished its spectrum right in Philadelphia and recorded a gain of $28.2 million. These gains represent the difference between the proceeds received and the carrying value of the related television broadcasting licenses for each market which is treated as having been sold for accounting purposes as a result of the sale of the related spectrum assets. In those markets in which the Company has relinquished its spectrum rights, the operations of the Company's television stations and networks have not been adversely affected, either as a result of third party channel-sharing agreements of the type described below, or through utilization of other Company assets in the same market.

The Company concurrently entered into channel-sharing agreements with unaffiliated broadcasters in Chicago and Philadelphia for the right to utilize a portion of their spectrum in perpetuity for $118.8 million of which $3.5 million is recorded in "Prepaid expenses and other" and $111.8 million and $115.3 million is recorded in "Other assets" on the Company's consolidated balance sheet as of December 31, 2018 and 2017, respectively. The Company amortizes the prepaid channel-sharing rights agreements on a straight-line basis over their estimated economic life of 34 years.

Separately, the Company has channel-sharing agreements in San Francisco and Washington D.C. with unaffiliated broadcasters providing them the right to utilize the Company's spectrum in these markets in perpetuity in exchange for $76.7 million, which began in 2018. The Company has $74.9 million and $76.7 million of deferred revenue on the Company's consolidated balance sheet as of December 31, 2018 and 2017, respectively. The Company will recognize the deferred revenue associated with these channel-sharing rights agreements on a straight-line basis over their estimated economic life of 34 years.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2018	December 31, 2017
Accrued revenue obligations	$ 98,100	$ 4,700
Accrued compensation	53,100	48,200
Accrued interest	44,200	46,200
Accrued restructuring, severance and related charges	33,800	14,400
Accrued license fees	29,500	27,700
Program rights obligations	17,000	14,500
Advance on monetization of spectrum assets	—	86,100
Other accounts payable and accrued liabilities	142,000	144,600
	$ 417,700	$ 386,400

Restructuring, Severance and Related Charges

The Company's restructuring, severance and related charges, net of reversals from continuing operations, for the years ended December 31, 2018, 2017 and 2016 are summarized below.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Restructuring:			
Activities initiated prior to 2017	$ —	$ 9,300	$ 15,900
Activities initiated in 2017	105,200	10,700	—
Programming supplier contract terminations	—	27,100	—
Severance for individual employees and related charges	(400)	5,200	11,600
Total restructuring, severance and related charges	$ 104,800	$ 52,300	$ 27,500

The restructuring activities related to continuing operations initiated prior to 2017 were targeted at broad-based cost-saving initiatives and to improve performance, collaboration and operational efficiency across local media and Spanish-language digital platforms across all segments. The restructuring activities initiated in 2017 are intended to rationalize costs. The Company also terminated certain programming contracts with a third party in 2017. Severance for individual employees and related charges relate primarily to severance arrangements with former employees unrelated to the Company's restructuring activities. Future charges

arising from additional activities associated with these restructuring activities could extend into 2020. These charges cannot be estimated but are not expected to be material.

The tables below present the restructuring charges, net of reversals from continuing operations, by segment during the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31, 2018		
	Employee Termination Benefits	Contract Termination Costs/Other	Total
Charges Resulting From Restructuring Activities Initiated in 2017			
Media Networks	$ 38,400	$ 11,700	$ 50,100
Radio	4,300	100	4,400
Corporate	28,500	22,200	50,700
Consolidated	$ 71,200	$ 34,000	$ 105,200

	Year Ended December 31, 2017		
	Employee Termination Benefits	Contract Termination Costs/Other	Total
Charges Resulting From Restructuring Activities Initiated Prior to 2017			
Media Networks	$ 7,200	$ 300	$ 7,500
Radio	900	600	1,500
Corporate	100	200	300
Consolidated	$ 8,200	$ 1,100	$ 9,300
Charges Resulting From Restructuring Activities Initiated in 2017			
Media Networks	$ 4,600	$ —	$ 4,600
Radio	1,300	—	1,300
Corporate	4,800	—	4,800
Consolidated	$ 10,700	$ —	$ 10,700

	Year Ended December 31, 2016		
	Employee Termination Benefits	Contract Termination Costs/Other	Total
Charges Resulting From Restructuring Activities Initiated Prior to 2017			
Media Networks	$ 11,900	$ 900	$ 12,800
Radio	1,600	500	2,100
Corporate	1,000	—	1,000
Consolidated	$ 14,500	$ 1,400	$ 15,900

The following tables present the activity in the restructuring liabilities for the years ended December 31, 2018 and 2017.

	Accrued Restructuring as of December 31, 2017	Restructuring Expense	Reversals	Cash Payments and Other	Accrued Restructuring as of December 31, 2018
Restructuring Activities Initiated Prior to 2017					
Employee termination benefits	$ 3,000	—	(400)	(2,600)	$ —
Contract termination costs/other	4,200	—	—	(2,600)	1,600
Restructuring Activities Initiated in 2017					
Employee termination benefits	7,700	74,300	(2,700)	(52,900)	26,400
Contract termination costs/other	—	34,000	—	(16,300)	17,700
Consolidated	$ 14,900	108,300	(3,100)	(74,400)	$ 45,700

	Accrued Restructuring as of December 31, 2016	Restructuring Expense	Reversals	Cash Payments and Other	Accrued Restructuring as of December 31, 2017
Restructuring Activities Initiated Prior to 2017					
Employee termination benefits	$ 11,100	$ 10,400	$ (2,800)	$ (15,700)	$ 3,000
Contract termination costs/other	4,300	1,700	—	(1,800)	4,200
Restructuring Activities Initiated in 2017					
Employee termination benefits	—	10,700	—	(3,000)	7,700
Contract termination costs/other	—	—	—	—	—
Consolidated	$ 15,400	$ 22,800	$ (2,800)	$ (20,500)	$ 14,900

Employee termination benefits accrued as of December 31, 2018 are expected to be paid within twelve months from December 31, 2018. Contract termination costs primarily relate to lease obligations that will be settled over the remaining lease term. Of the $45.7 million accrued as of December 31, 2018 related to restructuring activities, $33.8 million is included in current liabilities and $11.9 million is included in non-current liabilities. Of the $14.9 million accrued as of December 31, 2017 related to restructuring activities, $13.0 million is included in current liabilities and $1.9 million is included in non-current liabilities.

The Company also had severance accruals in current liabilities of zero and $1.4 million as of December 31, 2018 and 2017, respectively.

7. Revenue Contract Balances

Contract Liabilities

For certain contractual arrangements, the Company receives cash or non-cash consideration prior to providing the associated services resulting in deferred revenue recognition. In addition, the Company has recorded deferred revenue in connection with an obligation to Televisa to provide future advertising and promotion time. See Note—12. *Related Party Transactions*, under the heading "Televisa."

The following table presents the deferred revenue by segment:

	December 31, 2018	December 31, 2017
Media Networks:		
Televisa deferred advertising	$ 55,100	$ 56,200
Other deferred revenue	30,800	13,700
Radio:		
Other deferred revenue	—	900
Total current deferred revenue	$ 85,900	$ 70,800
Media Networks:		
Televisa deferred advertising	$ 315,800	$ 370,900
Channel-sharing deferred revenue	72,600	74,800
Total non-current deferred revenue	$ 388,400	$ 445,700
Total deferred revenue	$ 474,300	$ 516,500

For the years ended December 31, 2018 and 2017, $118.8 million and $109.0 million of revenue was recognized that was included in the deferred revenue balance at the beginning of the respective period.

Contract Assets

In certain circumstances where the Company enters into a contract with a customer for the provision of services for a defined period of time, the Company defers certain costs incurred in association with the origination of the contract. The deferred costs are generally amortized on a straight-line basis over the related contractual services period. The Company had $38.1 million and $19.0 million of contract assets as of December 31, 2018 and 2017, respectively, recorded in prepaid expenses and other assets.

8. Program Rights and Prepayments Impairments

During the years ended December 31, 2018, 2017 and 2016, the Company recognized impairment losses of $51.2 million, $10.5 million and $7.4 million, respectively, related to the write-off of program rights and related prepayments primarily due to decisions not to air certain programs as well as revised estimates of ultimate revenue.

Fair value for the impairments related to the revised estimates of ultimate revenues discussed above was determined using Level 3 inputs by assessing the discounted cash inflows associated with the advertising revenue retained and the direct cash outflows associated primarily with the licensing costs of such programming.

9. Financial Instruments and Fair Value Measures

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

Interest Rate Swaps—The Company uses interest rate swaps to manage its interest rate risk. These interest rate swaps are measured at fair value primarily using significant other observable inputs (Level 2). 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. See Note 14. *Interest Rate Swaps*.

The majority of inputs into the valuations of the Company's interest rate swap derivatives include market-observable data such as interest rate curves, volatilities, and information derived from, or corroborated by 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 privately placed debt securities with an established trading market. For counterparties with publicly available credit information, the credit spreads over the London Interbank Offered Rate ("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. Based on the Company's assessment of the significance of the CVA, it is not considered a significant input. The Company has determined that its derivative valuations in their entirety are classified as Level 2 measurements. The Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Available-for-Sale Securities—The Company's available-for-sale securities relate to its investment in convertible notes with El Rey Holdings LLC ("El Rey"), an equity method investee. The convertible notes are recorded at fair value through adjustments to other comprehensive income (loss). The fair value of the convertible notes is classified as a Level 3 measurement due to the significance of unobservable inputs which utilize company-specific information. The Company uses an income approach to value the notes' fixed income component and the Black-Scholes model to value the conversion feature. Key inputs to the Black-Scholes model include the underlying security value, strike price, volatility, time-to-maturity and risk-free rate. See Note 10. *Investments and Noncontrolling Interests*.

Equity Investments Not Accounted for Under the Equity Method—The fair value of the Entravision investment is based on the market value of Entravision's Class A common stock which is a Level 1 input. See Note 10. *Investments and Noncontrolling Interests*.

Fair Value of Debt Instruments—The carrying value and fair value of the Company's debt instruments as of December 31, 2018 and 2017 are set out in the following tables. The fair values of the credit facilities are based on market prices (Level 1). The fair values of the senior notes are based on market yield curves based on credit rating (Level 2). The accounts receivable facility carrying value approximates fair value (Level 1).

	As of December 31, 2018	
	Carrying Value	Fair Value
Bank senior secured revolving credit facility maturing in 2022	$ —	$ —
Bank senior secured term loan facility maturing in 2024	4,360,700	3,935,500
Senior secured notes—6.75% due 2022	357,800	360,600
Senior secured notes—5.125% due 2023	1,196,500	1,080,500
Senior secured notes—5.125% due 2025	1,472,900	1,315,200
Accounts receivable facility maturing in 2022	100,000	100,000
	$ 7,487,900	$ 6,791,800

	As of December 31, 2017	
	Carrying Value	Fair Value
Bank senior secured revolving credit facility maturing in 2022	$ 155,000	$ 155,000
Bank senior secured term loan facility maturing in 2024	4,405,600	4,394,500
Senior secured notes—6.75% due 2022	357,800	371,900
Senior secured notes—5.125% due 2023	1,195,900	1,201,200
Senior secured notes—5.125% due 2025	1,471,600	1,441,300
Accounts receivable facility maturing in 2022	379,000	379,000
	$ 7,964,900	$ 7,942,900

10. Investments and Noncontrolling Interests

The carrying value of the Company's unconsolidated investments is as follows:

	December 31, 2018	December 31, 2017
Equity method investments	$ 82,400	$ 72,300
Entravision	27,200	2,400
Other investments	10,500	4,300
	$ 120,100	$ 79,000

As of December 31, 2018 and 2017, investments in equity method investees primarily includes the Company's investment in El Rey.

El Rey

El Rey owns and operates, among other assets, the El Rey television network, a 24-hour English-language general entertainment cable network targeting young adult audiences.

The Company accounts for its equity investment under the equity method of accounting due to the fact that although the Company has less than a 20% interest, it exerts significant influence over El Rey. The Company's share of earnings and losses is recorded based on contractual liquidation rights and not on relative equity ownership. To the extent that the Company's share of El Rey's losses exceeds its equity investment, the Company reduces the carrying value of its investment in El Rey's convertible notes through earnings. As a result, the carrying value of the Company's equity investment in El Rey does not equal its proportionate ownership in El Rey's net assets. During the years ended December 31, 2018, 2017 and 2016, the Company recognized equity (income) losses of ($10.0) million, $6.9 million and $19.8 million, respectively, related to its share of El Rey's net (income) losses.

The Company has invested a total of approximately $127.4 million in El Rey in the form of convertible notes, consisting of a $72.4 million twelve year note that bears interest at 7.5% issued in May 2013, a $25.0 million twelve year note that bears interest at 7.5% issued in November 2014 and a $30.0 million ten year note that bears interest at 7.4% issued in February 2015. To date the Company has not exercised any of its conversion rights under any of the notes. The El Rey convertible notes are debt securities which are classified as available-for-sale securities. For the year ended December 31, 2018, the Company recorded unrealized losses of approximately $12.1 million to other comprehensive income to adjust the convertible debt, including all interest, to its estimated fair value of $78.0 million. For the year ended December 31, 2017, the Company recorded unrealized losses of approximately $79.9 million to other comprehensive income to adjust the convertible debt, including all interest, to its estimated fair value of $67.5 million. For the year ended December 31, 2016, the Company recorded unrealized losses of approximately $5.6 million to other comprehensive income to adjust the convertible debt, including all interest, to their estimated fair value of $142.5 million. During the years ended December 31, 2018, 2017 and 2016, the Company recorded interest income of $12.7 million, $11.8 million and $10.9 million, respectively, related to the convertible debt. As of December 31, 2018 and 2017, the Company's net investment balance in El Rey was $78.0 million and $67.5 million, respectively.

For a period following December 1, 2020 the Company has a right to call, and the initial majority equity owners have the right to put, in each case at fair market value, a portion of such owners' equity interest in El Rey. For a period following December 1, 2023 the Company has a similar right to call, and such owners have a similar right to put, all of such owners' equity interest in El Rey.

The following table presents the summary financial information of El Rey for the period or as of the date indicated.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating data:			
Revenue	$ 65,700	$ 55,900	$ 56,800
Operating expenses	$ 43,000	$ 51,200	$ 63,700
Net income (loss)	$ 8,800	$ (8,900)	$ (20,700)

	As of December 31, 2018	As of December 31, 2017
Balance sheet data:		
Current assets	$ 55,900	$ 44,800
Long-term assets	$ 5,500	$ 3,300
Current liabilities	$ 9,800	$ 20,000
Long-term liabilities	$ 166,900	$ 152,200

Entravision

The Company holds 9.4 million shares of Entravision Class U shares which have limited voting rights and are not publicly traded but are convertible into Class A common stock upon sale of these shares to a third party. The Company considers these Class U shares to have a readily determinable fair value based on Entravision's Class A shares. Accordingly, upon adoption of ASU 2016-01 as of January 1, 2018, the Company recorded a cumulative-effect adjustment to retained earnings, net of tax, of approximately $64.4 million to increase its investment in Entravision to its fair value of $66.9 million. Based on subsequent changes in the value of Entravision's Class A common shares, the Company recorded a loss on this investment of $39.7 million within Other, net within the Company's statement of consolidated operations to reflect the fair value of the Entravision investment of $27.2 million at December 31, 2018.

Other Investments

The Company holds equity positions in several small early-stage entities which in general may not have readily determinable fair values. During 2018, the Company recorded a net gain of $7.0 million in Other, net within the Company's statement of consolidated operations primarily as a result of an investment's financing transaction.

Redeemable Noncontrolling Interests

At December 31, 2017, the Company's redeemable noncontrolling interests primarily related to the holders of the remaining equity interests in The Onion Holdco, LLC, the parent of The Onion, Inc. (the "Onion"). The Company acquired the noncontrolling interests for approximately $31.0 million on September 28, 2018 and beginning with such date, the Onion is a wholly-owned subsidiary of the Company, which is included as part of the Company's discontinued operations as of December 31, 2018, see Note 11. *Discontinued Operations*.

11. Discontinued Operations

In 2018, as part of an overall strategic review, the Company initiated a process to sell its English-language digital businesses which qualified for discontinued operations. The Company has classified its English-language digital assets and related liabilities as assets and liabilities held for sale as of December 31, 2018 and 2017 and presented the related results of operations and cash flows for the year ended December 31, 2018, 2017 and 2016 as discontinued operations on the statements of operations and cash flows, respectively.

The following table presents the major classes of the English-language digital businesses' operating results constituting the "Loss from discontinued operations, net of income taxes" in the consolidated statements of operations:

	Years Ended December 31,		
	2018	2017	2016
Revenue	$ 78,500	$ 79,100	$ 43,200
Direct operating expenses	44,800	50,400	27,300
Selling, general and administrative expenses	45,100	52,100	22,500
Other charges including impairment and restructuring	188,900	14,900	4,900
Operating loss	(200,300)	(38,300)	(11,500)
Other	3,400	900	8,800
Loss before income taxes	(203,700)	(39,200)	(20,300)
Benefit for income taxes	(54,800)	(15,000)	(6,800)
Loss from discontinued operations, net of income taxes	$ (148,900)	$ (24,200)	$ (13,500)

The major classes of assets and liabilities of the Company's discontinued operations as of December 31, 2018 and 2017 are included in the following table:

	December 31, 2018	December 31, 2017
Accounts receivable, net and other	$ 18,700	$ 23,600
Property and equipment, net	7,700	—
Real estate *(not included in discontinued operations but held for sale)*	—	8,800
Total current assets held for sale	$ 26,400	$ 32,400
Property and equipment, net	$ —	$ 15,200
Intangible assets, net	—	48,800
Goodwill	—	125,300
Other assets	—	200
Total noncurrent assets held for sale	$ —	$ 189,500
Accounts payable and accrued liabilities	$ 2,200	$ 1,700
Other long-term liabilities	1,300	—
Total current liabilities held for sale	$ 3,500	$ 1,700
Other long-term liabilities	$ —	$ 7,000
Total noncurrent liabilities held for sale	$ —	$ 7,000

During 2018, the Company recognized a pre-tax, non-cash impairment charge of approximately $175.3 million on the goodwill, intangible assets and property and equipment, net. For the year ended December 31, 2018, 2017 and 2016, $4.7 million, $6.4 million and $3.1 million of the "Loss before income taxes" was attributable to noncontrolling interests.

12. Related Party Transactions

Original Sponsors

Agreements and Transactions

UHI has a consulting arrangement with an entity controlled by the Chairman of the Board of Directors. The term of the consulting arrangement is indefinite, subject to the right of either party to terminate the arrangement for any reason on thirty days' notice. In compensation for the consulting services provided by UHI's Chairman, equity units in various limited liability companies that hold a portion of Univision's common stock were granted to that entity. Certain of these units provide that upon a defined liquidation event, the entity will receive a payment based on a portion of the defined appreciation realized by the Original Sponsors, Televisa and co-investors on their investments in Univision in excess of certain preferred returns and performance thresholds. These units fully vested in 2012. Certain other units have substantially similar terms, except that these units have not vested and will only vest, and their related payments will only be made, if the Chairman is providing services to the Company at the time of the defined liquidation event. Due to the contingent nature of the vesting, the Company will recognize the compensation expense associated with

the unvested units only upon the occurrence of the defined liquidation event. The Company did not recognize any expense related to these non-employee awards in the years ended December 31, 2018, 2017 and 2016.

Pursuant to the Principal Investor Agreement, dated as of December 20, 2010 entered into by the Company and UHI with the Original Sponsors and Televisa (the "Principal Investor Agreement"), UHI's Board of Directors and any observers to the Board of Directors are entitled to reimbursement by the Company of any reasonable out-of-pocket expenses incurred by such observers or directors in connection with attending any meeting of the Board of Directors or any committee thereof. Pursuant to the Principal Investor Agreement, the Original Sponsors and Televisa are entitled to reimbursement by the Company for any reasonable costs and expenses incurred in connection with (i) exercising or enforcing their rights under UHI's governing documents and (ii) amending UHI's governing documents. There were no significant out-of-pocket expenses for the years ended December 31, 2018, 2017 and 2016.

The Original Sponsors are private investment firms that have investments in companies that may do business with the Company. No individual Original Sponsor has a controlling ownership interest in the Company. The Original Sponsors have controlling ownership interests or ownership interests with significant influence with companies that do business with the Company.

Televisa

Program License Agreement (as amended, the "PLA")

Under the PLA, the Company has exclusive access to an extensive suite of U.S. Spanish-language broadcast rights, and, in addition, the Company has exclusive U.S. Spanish-language digital rights to substantially all of Televisa's audiovisual programming (with limited exceptions), including the U.S. rights owned or controlled by Televisa to broadcast Mexican First Division soccer league games and the right to sublicense English language rights to these games. The Company has the ability to use Televisa online, network and pay-television programming on its current and future Spanish-language networks and on current and future digital platforms.

Pursuant to the program license agreement entered into effective 2011 (the "2011 PLA") and a predecessor program license agreement (the "Prior PLA") between Televisa and the Company, the Company committed to provide future advertising and promotion time at no charge to Televisa, with a cumulative historical fair value of $970.0 million. This obligation remains in effect following the latest amendment and restatement in 2015 subject to an annual right to reduce the minimum amount committed by the Company for each respective year. The book value remaining under these commitments as of December 31, 2018 and 2017 was $370.9 million and $427.1 million, respectively, based on the fair value of the Company's advertising commitments as of the dates the Prior PLA and 2011 PLA were entered into. These are recorded as deferred revenue (see Note 7. *Revenue Contract Balances*). For the years ended December 31, 2018, 2017 and 2016, the Company satisfied their commitment for the periods resulting in revenue recognized of $56.2 million, $60.2 million and $60.1 million, respectively, based on the fair value of the Company's advertising commitments at the dates the Prior PLA and 2011 PLA were entered into. These commitments extend through 2025, the earliest fixed date for termination of the PLA. The deferred revenue is earned and revenue is recognized as advertising revenue as the related advertising and promotion time is provided. The advertising revenue from Televisa will be recognized into revenue through 2025 as the Company provides the advertising to satisfy the commitments.

Through December 2017, under the PLA Televisa received royalties based on 11.84% of substantially all of the Company's Spanish-language media networks revenue (and the English language licensing revenue from the Mexican soccer games). Additionally, Televisa received an incremental 2% in royalty payments on any such media networks revenue above a contractual revenue base of $1.66 billion. On January 1, 2018, the royalty base rate payable to Televisa increased to 16.13%, and on June 1, 2018, the rate further increased to 16.45% until the expiration of the PLA. Additionally, Televisa receives an incremental 2.0% in royalty payments above the contractual revenue base (which decreased to $1.63 billion with the second rate increase in June 2018). In addition to the royalties, the Company pays Televisa amounts to obtain the rights to certain Mexican First Division soccer leagues games not owned or controlled by Televisa. The term of the PLA will continue until the later of 2025 or 7.5 years after Televisa has voluntarily sold a specified portion of its shares of UHI's common stock (the "Televisa Sell-Down"), and if a qualified public equity offering is completed by July 1, 2019, the term will be extended to expire on the later of 2030 or 7.5 years after the Televisa Sell-Down unless certain change of control events happen.

For the years ended December 31, 2018, 2017 and 2016, the Company's license fees to Televisa were $366.0 million, $290.5 million and $300.5 million, respectively. The license fees are included in direct operating expenses on the consolidated statement of operations. The Company had accrued license fees to Televisa of $29.5 million and $27.7 million as of December 31, 2018 and 2017, respectively, which are included in accounts payable and accrued liabilities on the consolidated balance sheets.

Mexico License Agreement

Under a program license agreement entered into with an affiliate of Televisa for the territory of Mexico (the "Mexico License"), the Company has granted Televisa the exclusive right for the term of the PLA to broadcast in Mexico all Spanish-language programming produced by or for the Company (with limited exceptions). The terms for the Mexico License are generally reciprocal to those under the PLA, except, among other things, the only royalty payable by Televisa to the Company is a $17.3 million annual payment through December 31, 2025 for the rights to the Company's programming that is produced for or broadcast on the UniMás network, and the Company has the right to purchase advertising on Televisa channels at certain preferred rates to advertise its businesses.

Sales Agency Arrangement

In connection with entering into the Mexico License, the Company engaged Televisa to act as its exclusive sales agent for the term of the Mexico License to sell or license worldwide outside of the United States and Mexico the Company's programming originally produced in the Spanish language or with Spanish subtitles to the extent the Company has rights in the applicable territories and to the extent the Company chooses to make such programming available to third parties in such territories (subject to limited exceptions). Televisa will receive a fee equal to 20% of gross receipts actually received from licensees and reimbursement of certain expenses. The Company has no obligation to pay a fee or reimburse expenses with respect to any direct broadcast by the Company of its programming or under certain non-exclusive worldwide arrangements the Company enters into for its programming.

Launch Rights

In March 2013, the Company paid approximately $81.0 million to Televisa and its chairman, a director of UHI, in an arrangement that resulted in the Company obtaining for its benefit certain launch rights to be provided by a multiple system operator that distributes the Company's networks on its carriage platform. The Company has recorded an intangible asset for the launch rights and is amortizing the asset over its estimated economic life of approximately 20 years. During the years ended December 31, 2018, 2017 and 2016, the Company recognized amortization expense of $4.1 million, in each year, respectively. As of December 31, 2018 and December 31, 2017, the net asset value of the launch rights was $57.7 million and $61.8 million, respectively.

Other Televisa Transactions

From time to time the Company enters into licensing agreements with respect to certain programming rights obtained by the Company from third parties and not covered by the program license agreement the parties entered into for the Company to license rights to broadcast Spanish-language programming in Mexico and in Latin America or the sales agency arrangement pursuant to which Televisa acts as a sales agent to sell or license Spanish-language programming outside of the United States and Mexico. In the year ended December 31, 2016, the Company sublicensed certain rights in Mexico to sports programming to Televisa in exchange for $1.8 million, and authorization for the Company to sublicense certain rights outside of Mexico to a third party.

Univision Holdings, Inc.

During the years ended December 31, 2018, 2017 and 2016, the Company repurchased common stock on behalf of UHI of $9.0 million, $17.8 million and zero, respectively, and made tax payments related to net share settlement on UHI equity awards to Univision employees of $6.0 million, $9.3 million and $7.1 million, respectively

El Rey

In connection with its investment in El Rey, the Company provides certain distribution, advertising sales and back office/technical services to El Rey for fees generally based on incremental costs incurred by the Company in providing such services, including compensation costs for certain dedicated Univision employees performing such services, an allocation of certain Univision facilities costs and a use fee during the useful life of certain Univision assets used by El Rey in connection with the provision of the services. The Company also receives an annual $3.0 million management fee which is recorded as a component of revenue. The Company has also agreed to provide certain English-language soccer programming in exchange for a license fee and promotional support to the El Rey television network. During the years ended December 31, 2018, 2017 and 2016, the Company recognized $12.3 million, $13.6 million and $15.5 million, respectively, for the management fee and reimbursement of costs. As of December 31, 2018 and 2017, the Company has a receivable of $1.6 million and $1.9 million, respectively, related to these management fees and reimbursement of costs.

13. Debt

Long-term debt consists of the following:

	December 31, 2018	December 31, 2017
Bank senior secured revolving credit facility maturing in 2022	$ —	$ 155,000
Bank senior secured term loan facility maturing in 2024	4,360,700	4,405,600
Senior secured notes—6.75% due 2022	357,800	357,800
Senior secured notes—5.125% due 2023	1,196,500	1,195,900
Senior secured notes—5.125% due 2025	1,472,900	1,471,600
Accounts receivable facility maturing in 2022	100,000	379,000
Capital lease obligations	70,700	72,000
	7,558,600	8,036,900
Less current portion	(117,700)	(37,000)
Long-term debt and capital lease obligations	$ 7,440,900	$ 7,999,900

Approximately $29.4 million and $35.2 million of deferred financing costs are presented as a direct reduction of the Company's long-term debt in the consolidated balance sheet as of December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, Other Assets includes $5.7 million and $7.4 million, respectively, of deferred financing costs related to the Company's revolving credit facilities. The following table details the principal and carrying values of the Company's long-term debt as of December 31, 2018. The difference between principal and carrying value is made up of the $29.4 million of deferred financing costs discussed above partially offset by $3.6 million of net unamortized premium and discount.

	Principal	Unamortized (Deferred Financing Costs) and Premium/(Discount)	Carrying Value
Bank senior secured revolving credit facility maturing in 2022	$ —	$ —	$ —
Bank senior secured term loan facility maturing in 2024	4,378,700	(18,000)	4,360,700
Senior secured notes—6.75% due 2022	357,800	—	357,800
Senior secured notes—5.125% due 2023	1,197,800	(1,300)	1,196,500
Senior secured notes—5.125% due 2025	1,479,400	(6,500)	1,472,900
Accounts receivable facility maturing in 2022	100,000	—	100,000
Capital lease obligations	70,700	—	70,700
	$ 7,584,400	$ (25,800)	$ 7,558,600

Recent Financing Transactions

February 2019 Term Loan Payment

Subsequent to December 31, 2018, the Company paid approximately $120.0 million of principal on its senior secured term loan facility with cash on hand and borrowings under its accounts receivable facility.

October 2017 Partial Redemption of 2022 Senior Secured Notes

On October 13, 2017 the Company redeemed $750.0 million of its outstanding 6.75% senior secured notes due 2022 (the "2022 senior secured notes") at a redemption price equal to 103.375% of the aggregate principal amount of the notes redeemed, plus accrued and unpaid interest thereon to the redemption date. The notes were repaid from a combination of proceeds from the Company's monetization of its spectrum assets in the broadcast incentive auction and related channel-sharing arrangements, from cash generated from operations and utilization of revolving credit facilities.

September 2017 Senior Secured Notes Purchase

The Company used $82.9 million of the proceeds received through its participation in the broadcast incentive auction to purchase senior notes through asset sale offers according to the terms of the indentures. The aggregate principal amount purchased was $0.1 million aggregate principal amount of the 2022 senior secured notes, $2.2 million aggregate principal amount of the 5.125% senior secured notes due 2023 (the "2023 senior secured notes") and $80.6 million aggregate principal amount of the 5.125% senior secured notes due 2025 (the "2025 senior secured notes"). Payment was made at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but not including, the date of purchase, which was September 5, 2017.

August 2017 Amendment of the Company's Accounts Receivable Sale Facility

On August 30, 2017, the Company entered into an amended accounts receivable sale facility (as amended, the "Facility"). The amendment, among other things, (i) extended the expiration date of the Facility to August 30, 2022, (ii) provided for a letter of credit sub-limit of $100.0 million under the revolving component of the Facility, (iii) lowered the interest rate on the borrowings under the Facility to a LIBOR market index rate (without a floor) plus a margin of 1.50% or 1.75% per annum, depending on the amount drawn under the Facility and (iv) lowered the commitment fee on the unused portion of the Facility to 0.30% per annum unless usage is less than 50% at which a rate of 0.50% per annum will be used.

February and March 2017 Credit Agreement Amendments

On March 15, 2017, the Company entered into an amendment (the "March 2017 Amendment") to the credit agreement governing the Company's Senior Secured Credit Facilities. The March 2017 Amendment converted the existing term loans into a new tranche of term loans (and replaced any portion of non-converting existing term loans), in an aggregate principal amount of approximately $4,474.7 million (representing the same aggregate principal amount under the existing term loans) and extended the maturity date of the term loans from March 1, 2020 to March 15, 2024. The March 2017 Amendment reduced the interest rate payable on such term loans to a percentage per annum of either (i) an adjusted LIBOR rate plus 2.75% or (ii) an alternate base rate (defined as the highest of (x) the Deutsche Bank AG New York Branch prime rate, (y) the federal funds effective rate plus 0.50% per annum and (z) the one-month adjusted LIBOR rate plus 1%) plus 1.75%. The March 2017 Amendment also made certain non-economic changes.

On February 17, 2017, the Company entered into an amendment (the "First February 2017 Amendment") to the Company's revolving credit facility which superseded in its entirety the prior September 3, 2015 amendment, as amended. The First February 2017 Amendment increased the borrowing capacity of the Company's revolving credit facility from $550.0 million to $850.0 million upon satisfaction of certain conditions which were satisfied on April 27, 2017. The First February 2017 Amendment extended the maturity of the revolving credit facility to the five-year anniversary of the effective date, February 17, 2017. The new revolving credit facility bears interest at a floating rate, which can either be an adjusted LIBOR rate plus an applicable margin (ranging from 200 to 250 basis points), or, at the Company's option, an alternate base rate (defined as the highest of (x) the Deutsche Bank AG New York Branch prime rate, (y) the federal funds effective rate plus 0.50% per annum and (z) the one-month adjusted LIBOR rate plus 1%) plus an applicable margin (ranging from 100 to 150 basis points).

Subsequent to the Company entering into the First February 2017 Amendment (but on the same date), the Company entered into an additional amendment to the credit agreement governing the Company's Senior Secured Credit Facilities (the "Second February 2017 Amendment"). The Second February 2017 Amendment amended the financial covenant provisions (which are solely for the benefit of the revolving lenders under the credit agreement, and which may be amended or modified solely by the revolving lenders) to require certain voluntary prepayments of the Company's senior secured debt obligations (i)(x) as a result of the receipt of certain proceeds from the sale of spectrum or from spectrum sharing arrangements or (y) if no such sale or sharing arrangement is entered into, then as a result of UHI's proposed initial public offering and (ii) if leverage is greater than 6.00:1.00, then additional prepayments of excess cash flow over and above what is required to be applied to the senior secured term loan facilities.

The credit agreement governing the Company's Senior Secured Credit Facilities also provides that the Company may increase its existing revolving credit facilities and/or term loans facilities by up to $750.0 million if certain conditions are met, and after giving effect to the First February 2017 Amendment, the Company has in aggregate made $700.0 million of such increases to its existing revolving credit facilities and term loan facilities.

Redemption of 2021 Senior Notes

On May 18, 2016, the Company redeemed $415.0 million aggregate principal amount of its 8.5% senior notes due 2021 (the "2021 senior notes") at a redemption price equal to 104.25% of the aggregate principal amount of the 2021 senior notes redeemed, plus accrued and unpaid interest thereon to the redemption date.

On November 15, 2016, the Company redeemed the remaining balance of the $400.0 million aggregate principal amount of the outstanding 2021 senior notes at a redemption price equal to 102.833% of the aggregate principal amount of the 2021 senior notes redeemed, plus accrued and unpaid interest thereon to the redemption date.

Loss on Extinguishment of Debt

As a result of refinancing the Company's senior secured credit facility and senior secured term loan facility, which are referred to collectively as the "Senior Secured Credit Facilities," as discussed below, and as a result of purchasing certain senior secured notes with proceeds received through the Company's participation in the broadcast incentive auction, also discussed below, the Company recorded a loss on extinguishment of debt of zero, $41.5 million and $26.5 million for the years ended December 31, 2018, 2017 and 2016. Loss on extinguishment of debt includes premiums, fees, the write-off of unamortized deferred financing costs and the write-off of unamortized discount and premium related to instruments that were repaid.

Debt Instruments

Senior Secured Credit Facilities

Bank senior secured revolving credit facility – At December 31, 2018 the borrowing capacity under the revolving credit facility was $850.0 million. At December 31, 2018, there were no loans outstanding on the revolving credit facility and after giving effect to the outstanding letters of credit of $80.8 million, the Company had $769.2 million available under its revolving credit facility.

Bank senior secured term loan facility maturing in 2024 – As of December 31, 2018, the total aggregate principal amount of the bank senior secured term loan facility was $4,378.7 million and the remaining unamortized original issue discount (which had been associated with the term loans that were modified) was $14.5 million. The Company is required to make a quarterly payment of 0.25% of the aggregate principal amount of this facility.

For the year ended December 31, 2018, the effective interest rate related to the Company's senior secured term loans in total was 4.97%, including the impact of the two outstanding interest rate swaps discussed in Note 14. *Interest Rate Swaps*, and 4.81% excluding the impact of the interest rate swaps.

The Company is permitted to further refinance (whether by repayment, conversion or extension) the Company's Senior Secured Credit Facilities (including the extended credit facilities) with certain permitted additional first-lien, second-lien, senior and/or subordinated indebtedness, in each case, if certain conditions are met.

Senior Secured Notes – 6.75% due 2022

The 2022 senior secured notes are ten year notes. In 2012, the Company issued $1,225.0 million aggregate principal amount of senior secured notes pursuant to an indenture dated as of August 29, 2012. The 2022 senior secured notes mature on September 15, 2022 and pay interest on March 15 and September 15 of each year. Interest on the 2022 senior secured notes accrues at a fixed rate of 6.75% per annum and is payable in cash. On March 20, 2014, the Company redeemed $117.1 million aggregate principal amount of the 2022 senior secured notes at a redemption price equal to 106.750% of the aggregate principal amount of the 2022 senior secured notes redeemed, plus accrued and unpaid interest thereon. On September 5, 2017, the Company purchased $0.1 million aggregate principal amount of the 2022 senior secured notes through asset sale offers at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but not including, the date of purchase. On October 13, 2017, the Company redeemed $750.0 million of its outstanding 2022 senior secured notes due at a redemption price equal to 103.375% of the aggregate principal amount of the notes redeemed, plus accrued and unpaid interest thereon to the redemption date. At December 31, 2018, the outstanding principal balance of the 2022 senior secured notes was $357.8 million and the remaining unamortized premium was $2.2 million. The 2022 senior secured notes are secured by a first priority lien (subject to permitted liens) on substantially all assets that currently secure the Company's Senior Secured Credit Facilities.

The 2022 senior secured notes may be redeemed, at the Company's option, in whole or in part, at any time and from time to time at the redemption prices set forth below. The 2022 senior secured notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2022 senior secured notes to be redeemed) plus accrued and unpaid interest thereon to the applicable redemption date if redeemed during the twelve month period beginning on September 15 of each of the following years: 2018 (102.250%), 2019 (101.125%), 2020 and thereafter (100.0%). If the Company undergoes a change of control, it may be required to offer to purchase the 2022 senior secured notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay 2022 senior secured notes at par with the proceeds of certain assets sales.

Senior Secured Notes – 5.125% due 2023

The 2023 senior secured notes are ten year notes. The Company issued $700.0 million aggregate principal amount of the initial 2023 senior secured notes on May 21, 2013 and $500.0 million aggregate principal amount of the additional 2023 senior secured notes on February 19, 2015 pursuant to an indenture dated as of May 21, 2013. The 2023 senior secured notes mature on May 15, 2023 and

pay interest on May 15 and November 15 of each year. Interest on the 2023 senior secured notes accrues at a fixed rate of 5.125% per annum and is payable in cash. On September 5, 2017, the Company purchased $2.2 million aggregate principal amount of its 2023 senior secured notes through asset sale offers at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but not including, the date of purchase. At December 31, 2018, the outstanding principal balance of the 2023 senior secured notes was $1,197.8 million and the remaining unamortized premium was $8.7 million. The 2023 senior secured notes are secured by a first priority lien (subject to permitted liens) on substantially all assets that currently secure the Company's Senior Secured Credit Facilities.

On and after May 15, 2018, the 2023 senior secured notes may be redeemed, at the Company's option, in whole or in part, at any time and from time to time at the redemption prices set forth below. The 2023 senior secured notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2023 senior secured notes to be redeemed) plus accrued and unpaid interest thereon to the applicable redemption date if redeemed during the twelve month period beginning on May 15 of each of the following years: 2018 (102.563%), 2019 (101.708%), 2020 (100.854%), 2021 and thereafter (100.0%). If the Company undergoes a change of control, it may be required to offer to purchase the 2023 senior secured notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay 2023 senior secured notes at par with the proceeds of certain assets sales.

Senior Secured Notes – 5.125% due 2025

The 2025 senior secured notes are ten year notes. In 2015, the Company issued $1,560.0 million aggregate principal amount of 2025 senior secured notes, pursuant to an indenture dated as of February 19, 2015. The 2025 senior secured notes mature on February 15, 2025 and pay interest on February 15 and August 15 of each year. Interest on the 2025 senior secured notes accrues at a fixed rate of 5.125% per annum and is payable in cash. On September 5, 2017, the Company purchased $80.6 million aggregate principal amount of its 2025 senior secured notes through asset sale offers at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but not including, the date of purchase. At December 31, 2018, the outstanding principal balance of the 2025 senior secured notes was $1,479.4 million and the remaining unamortized premium was $7.2 million. The 2025 senior secured notes are secured by a first priority lien (subject to permitted liens) on substantially all assets that currently secure the Company's Senior Secured Credit Facilities.

On and after February 15, 2020, the 2025 senior secured notes may be redeemed, at the Company's option, in whole or in part, at any time and from time to time at the redemption prices set forth below. The 2025 senior secured notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2025 senior secured notes to be redeemed) plus accrued and unpaid interest thereon to the applicable redemption date if redeemed during the twelve month period beginning on February 15 of each of the following years: 2020 (102.563%), 2021 (101.708%), 2022 (100.854%), 2023 and thereafter (100.0%). The Company also may redeem any of the 2025 senior secured notes at any time prior to February 15, 2020 at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. If the Company undergoes a change of control, it may be required to offer to purchase the 2025 senior secured notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay 2025 senior secured notes at par with the proceeds of certain assets sales.

Accounts Receivable Facility

On August 30, 2017, the Company entered into an amendment to the Facility, which, among other things, (i) extended the expiration date of the Facility to August 30, 2022, (ii) provided for a letter of credit sub-limit of $100.0 million under the revolving component of the Facility, (iii) lowered the interest rate on the borrowings under the Facility to a LIBOR market index rate (without a floor) plus a margin of 1.50% or 1.75% per annum, depending on the amount drawn under the Facility and (iv) lowered the commitment fee on the unused portion of the Facility to 0.30% per annum unless usage is less than 50% at which a rate of 0.50% per annum. Interest is paid monthly on the Facility. At December 31, 2018, the amount outstanding under the Facility was $100.0 million and the interest rate was 4.02%.

Under the terms of the Facility, certain subsidiaries of the Company sell accounts receivable on a true sale and non-recourse basis to their respective wholly-owned special purpose subsidiaries, and these special purpose subsidiaries in turn sell such accounts receivable to Univision Receivables Co., LLC, a bankruptcy-remote subsidiary in which certain special purpose subsidiaries of the Company and its parent, Broadcasting Partners, each holds a 50% voting interest (the "Receivables Entity"). Thereafter, the Receivables Entity sells to investors, on a revolving non-recourse basis, senior undivided interests in such accounts receivable pursuant to the Receivables Purchase Agreement. The Company (through certain special purpose subsidiaries) holds a 100% economic interest in the Receivables Entity. The assets of the special purpose entities and the Receivables Entity are not available to satisfy the obligations of the Company or its other subsidiaries.

The Facility is comprised of a $100.0 million term component and a $300.0 million revolving component subject to the availability of qualifying receivables. At December 31, 2018, the Company had $100.0 million outstanding under the term component and none outstanding under the revolving component. 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 Receivables 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.

Other Matters Related to Debt

Voluntary prepayment of principal amounts outstanding under the Senior Secured Credit Facilities is permitted at any time; however, if a prepayment of principal is made with respect to an adjusted LIBO 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 in the credit agreement or from the proceeds of certain asset dispositions, casualty events or debt incurrences.

The agreements governing the Senior Secured Credit Facilities and the senior notes contain various covenants and a breach of any covenant could result in an event of default under those agreements. If any such event of 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, an event of default under the indentures governing the senior notes would cause an event of 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 an event of default under the indentures governing the senior notes (assuming certain amounts of that debt were outstanding at the time). The lenders under the 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 the Senior Secured Credit Facilities, the lenders will have the right to proceed against the collateral. The Senior Secured Credit Facilities, the 2025 senior secured notes, the 2023 senior secured notes, and the 2022 senior secured notes 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 restricted domestic subsidiaries (subject to certain exceptions), 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 each subsidiary guarantor's direct domestic subsidiaries and the direct domestic subsidiaries of the Company and (ii) 65% of the voting stock of each of the Company's 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 (but not the 2025 senior secured notes, the 2023 senior secured notes, or 2022 senior secured notes) are secured by all of the assets of Broadcast Holdings and a pledge of the capital stock of the Company and all proceeds of the foregoing.

Additionally, the agreements governing the Senior Secured Credit Facilities and the senior notes include various restrictive covenants (including in the credit agreement when there are certain amounts outstanding under the senior secured revolving credit facility on the last day of a fiscal quarter, a first lien debt ratio covenant) which, among other things, limit the incurrence of indebtedness, making 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 credit agreement and the indentures governing the senior notes thereunder allow the Company to make certain pro forma adjustments for purposes of calculating certain financial ratios, some of which would be applied to adjusted operating income before depreciation and amortization ("Bank Credit Adjusted OIBDA"). The Company is in compliance with these covenants under the agreements governing its Senior Secured Credit Facilities and senior notes.

The Company owns several wholly-owned early stage ventures which have been designated as "unrestricted subsidiaries" for purposes of its credit agreement governing the Senior Secured Credit Facilities and indentures governing the senior notes. The results of these unrestricted subsidiaries are excluded from Bank Credit Adjusted OIBDA in accordance with the definition in the credit agreement and the indentures governing the senior notes. As unrestricted subsidiaries, the operations of these subsidiaries are excluded from, among other things, covenant compliance calculations and compliance with the affirmative and negative covenants of the credit agreement governing the Senior Secured Credit Facilities and indentures governing the senior notes. The Company may redesignate these subsidiaries as restricted subsidiaries at any time at its option, subject to compliance with the terms of its credit agreement governing the Senior Secured Credit Facilities and indentures governing the senior notes

The subsidiary guarantors under the Company's Senior Secured Credit Facilities and senior notes are substantially all of the Company's domestic subsidiaries. The subsidiaries that are not guarantors include certain immaterial subsidiaries, special purpose

subsidiaries that are party to the Company's Facility and the designated unrestricted subsidiaries. The guarantees are full and unconditional and joint and several. Univision Communications Inc. 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 privately placed debt securities with an established trading market), in privately negotiated or open market transactions, by tender offer or otherwise.

Contractual maturities of long-term debt for the five years subsequent to December 31, 2018 are as follows:

Year	Amount
2019	$ 110,900
2020	44,700
2021	44,700
2022(a)	502,500
2023	1,242,500
Thereafter	5,568,400
	$ 7,513,700
Less current portion	(110,900)
Long-term debt, excluding capital leases	$ 7,402,800

(a) Includes the Company's revolving credit facility and accounts receivable sale facility which mature in 2022.

14. 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 these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps 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. The Company has agreements with each of its 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. The Company does not enter into derivatives for trading purposes.

Derivatives Designated as Hedging Instruments

As of December 31, 2018, the Company has four effective cash flow hedges. Two current interest rate swaps effectively convert the interest payable on $2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 2.25% through February 2020. During the first quarter of 2017, the Company entered into two additional forward-starting interest rate swaps which were designated as cash flow hedges and will continue to convert the interest payable on $2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 2.94% from February 2020 through February 2024. These two additional forward-starting interest rate swaps were entered into in connection with the March 2017 Amendment to the credit agreement governing the Company's Senior Secured Credit Facilities to extend the Company's hedge of LIBOR with a 1% floor from the period the debt previously matured through February 2024.

	Number of Instruments	Current Notional
Interest Rate Derivatives		
Interest Rate Swap Contracts (current through February 2020)	2	$ 2,500,000,000
Interest Rate Swap Contracts (February 2020 through February 2024)	2	$ 2,500,000,000

Impact of Interest Rate Derivatives on the Consolidated Financial Statements

The table below presents the fair value of the Company's derivative financial instruments, as well as their classification on the consolidated balance sheets:

	Consolidated Balance Sheet Location	As of December 31, 2018	As of December 31, 2017
Derivatives Designated as Hedging Instruments			
Interest Rate Swap Contracts—Non-Current Assets	Other assets	$ 8,300	$ —
Interest Rate Swap Contracts—Non-Current Liabilities	Other long-term liabilities	$ 27,200	$ 58,200

The Company does not offset the fair value of interest rate swaps in an asset position against the fair value of interest rate swaps in a liability position on the balance sheet. If the Company had presented the fair value of the interest rate swaps on a net basis by counterparty, the consolidated balance sheet as of December 31, 2018 would include a net liability of $18.9 million. Because all of the Company's interest rate swaps were in a liability position as of December 31, 2017, if the Company had presented the fair value of the interest rate swaps on a net basis by counterparty, there would be no change to the consolidated balance sheet as of that date. As of December 31, 2018, the Company has not posted any collateral related to any of the interest rate swap contracts. If the Company had breached any of these default provisions at December 31, 2018, it could have been required to settle its obligations under the agreements at their termination value of $26.0 million.

The table below presents the effect of the Company's derivative financial instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income for the years ended December 31, 2018, 2017 and 2016:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative	Location of Gain or (Loss) Reclassified from AOCLI into Income	Amount of Gain or (Loss) Reclassified from AOCLI into Income[(a)]	Total Interest Expense of the Statement of Operations
For the year ended December 31, 2018	$ 32,200	Interest expense	$ (1,500)	$ 391,200
For the year ended December 31, 2017	$ (37,700)	Interest expense	$ (23,000)	$ 422,700
For the year ended December 31, 2016	$ (25,000)	Interest expense	$ (39,200)	$ 493,900

(a) The amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income ("AOCLI") into income includes amounts that have been reclassified related to current effective hedging relationships as well as amortizing AOCLI amounts related to discontinued cash flow hedging relationships. For each of the years ended December 31, 2018 and 2017, the Company amortized $6.0 million of unrealized gains on hedging activities from AOCLI into interest expense. For the year ended December 31, 2016, the Company amortized $6.6 million of net unrealized losses on hedging activities from AOCLI into interest expense.

During the next twelve months, from December 31, 2018, approximately $12.5 million of net unrealized gains will be reclassified from AOCLI to interest expense (inclusive of the amounts being amortized related to discontinued cash flow hedging relationships).

15. Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is reported in the consolidated statements of comprehensive income (loss) and consists of net income (loss) and other gains (losses) that affect stockholder's equity but, under GAAP, are excluded from net income (loss). For the Company, items included in other comprehensive income (loss) are foreign currency translation adjustments, unrealized gain (loss) on hedging activities, the amortization of unrealized (gain) loss on hedging activities and unrealized gain (loss) on available for sale securities.

The following tables present the changes in accumulated other comprehensive (loss) income by component for the years ended December 31, 2018, 2017 and 2016, respectively. All amounts are net of tax.

	Gains and (Losses) on Hedging Activities	Gains and (Losses) on Available for Sale Securities	Currency Translation Adjustment	Total
Balance as of December 31, 2015	$ (69,900)	$ 78,100	$ (4,100)	$ 4,100
Other comprehensive income (loss) before reclassifications	4,700	(3,400)	(900)	400
Amounts reclassified from accumulated other comprehensive loss	4,000	—	—	4,000
Net other comprehensive income (loss)	8,700	(3,400)	(900)	4,400
Balance as of December 31, 2016	$ (61,200)	$ 74,700	$ (5,000)	$ 8,500

	Gains and (Losses) on Hedging Activities	Gains and (Losses) on Available for Sale Securities	Currency Translation Adjustment	Total
Balance as of December 31, 2016	$ (61,200)	$ 74,700	$ (5,000)	$ 8,500
Other comprehensive (loss) income before reclassifications	(5,400)	(48,800)	100	(54,100)
Amounts reclassified from accumulated other comprehensive loss	(3,600)	—	—	(3,600)
Net other comprehensive (loss) income	(9,000)	(48,800)	100	(57,700)
Balance as of December 31, 2017	$ (70,200)	$ 25,900	$ (4,900)	$ (49,200)

	Gains and (Losses) on Hedging Activities	Gains and (Losses) on Available for Sale Securities	Currency Translation Adjustment	Total
Balance as of December 31, 2017	$ (70,200)	$ 25,900	$ (4,900)	$ (49,200)
Other comprehensive income (loss) before reclassifications	29,200	(9,000)	—	20,200
Amounts reclassified from accumulated other comprehensive loss	(4,000)	—	—	(4,000)
Net other comprehensive income (loss)	25,200	(9,000)	—	16,200
Adoption of new accounting standards	(7,900)	5,400	—	(2,500)
Balance as of December 31, 2018	$ (52,900)	$ 22,300	$ (4,900)	$ (35,500)

The following tables present the activity within other comprehensive income (loss) and the tax effect related to such activity.

	Pretax	Tax (provision) benefit	Net of tax
Year Ended December 31, 2016			
Unrealized gain on hedging activities	$ 7,600	$ (2,900)	$ 4,700
Amortization of unrealized loss on hedging activities	6,600	(2,600)	4,000
Unrealized loss on available for sale securities	(5,600)	2,200	(3,400)
Currency translation adjustment	(900)	—	(900)
Other comprehensive income	$ 7,700	$ (3,300)	$ 4,400
Year Ended December 31, 2017			
Unrealized loss on hedging activities	$ (8,700)	$ 3,300	$ (5,400)
Amortization of unrealized gain on hedging activities	(6,000)	2,400	(3,600)
Unrealized loss on available for sale securities	(79,900)	31,100	(48,800)
Currency translation adjustment	100	—	100
Other comprehensive loss	$ (94,500)	$ 36,800	$ (57,700)
Year Ended December 31, 2018			
Unrealized gain on hedging activities	$ 39,300	$ (10,100)	$ 29,200
Amortization of unrealized gain on hedging activities	(5,400)	1,400	(4,000)
Unrealized loss on available for sale securities	(12,100)	3,100	(9,000)
Other comprehensive income	$ 21,800	$ (5,600)	$ 16,200

The tax effects relating to the items above are generally recognized as such amounts are reclassified into earnings. Amounts reclassified from accumulated other comprehensive loss related to hedging activities are recorded to interest expense. See Note 14. *Interest Rate Swaps* for further information related to amounts reclassified from accumulated other comprehensive loss.

16. Income Taxes

The Tax Act, which was enacted in December 2017, reduced the U.S. federal corporate tax rate from 35% to 21%, effective as of January 1, 2018, and created a territorial-style taxing system. The Tax Act also requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred and creates new taxes on certain types of foreign earnings. The

Company has completed the accounting for the income tax effects of the Tax Act with no material change to its estimated amounts recorded.

During 2017, the Company recorded a benefit of $243.9 million associated with the remeasurement of its net deferred tax liabilities due to the tax rate decreasing from 35% to 21%, which reduced the future expense the Company will realize associated with these liabilities.

The income tax provision for continuing operations for the years ended December 31, 2018, 2017 and 2016 comprised the following charges and (benefits):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Current:			
Federal	$ (19,300)	$ 19,500	$ 8,100
State	8,200	14,400	6,200
Foreign	600	600	900
Total current income tax (benefit) expense	(10,500)	34,500	15,200
Deferred:			
Federal	57,200	(73,200)	97,300
State	5,800	30,000	8,400
Foreign	100	(200)	(500)
Total deferred income tax (benefit) expense	63,100	(43,400)	105,200
Income tax expense (benefit)	$ 52,600	$ (8,900)	$ 120,400

The Company's deferred tax assets and liabilities as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Deferred tax assets:		
Tax loss carry-forwards	$ 170,300	$ 144,700
Investments related	49,000	40,800
Interest Disallowed	35,300	—
Tax credits	30,000	48,300
Compensation related costs	26,700	23,000
Accrued liabilities	12,800	11,400
Other	61,700	49,200
Valuation allowance	(134,300)	(139,600)
Total deferred tax assets	251,500	177,800
Deferred tax liabilities:		
Property, equipment and intangible assets	(687,000)	(590,800)
Other	(19,900)	(22,700)
Total deferred tax liability	(706,900)	(613,500)
Net deferred tax liability	$ (455,400)	$ (435,700)

At December 31, 2018, the Company has net operating loss carryforwards for federal income tax purposes of approximately $383.2 million, which will expire in 2031 through 2035. Also, the Company has various state tax effected net operating loss carryforwards of approximately $20.7 million (based on the current state income apportionment, the Company would require approximately $437.0 million of future taxable income to fully utilize such net operating loss carryforwards), which will expire in 2019 through 2036.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment.

At December 31, 2018 and 2017, the Company maintained a valuation allowance in the amount of $134.3 million and $141.8 million, respectively. These valuation allowances were primarily comprised of foreign deferred tax assets of $88.2 million and $87.1

million, deferred tax assets related to certain capital assets of $32.4 million and $38.8 million, and state tax credits in the amount of $13.7 million and $13.7 million, in each respective year, as it is more likely than not that the benefits of these deductible differences will not be realized.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at December 31, 2015	$ 16,400
Addition based on tax positions related to current year	3,300
Reduction for tax position of prior years	(900)
Lapse in statute of limitations	(1,100)
Balance at December 31, 2016	$ 17,700
Addition based on tax positions related to current year	5,400
Reduction for tax position of prior years	200
Lapse in statute of limitations	(1,300)
Balance at December 31, 2017	$ 22,000
Addition based on tax positions related to current year	5,200
Increase for tax position of prior years	1,000
Lapse in statute of limitations	(2,900)
Balance at December 31, 2018	$ 25,300

For the years ended December 31, 2018, 2017 and 2016 the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately $20.0 million, $17.4 million and $11.5 million in the aggregate respectively. The Company recognizes interest and penalties, if any, related to uncertain income tax positions in income tax expense. The Company had approximately $10.4 million and $7.0 million of accrued interest and penalties related to uncertain tax positions as of December 31, 2018 and 2017, respectively. The Company recognized interest expense and penalties of $3.4 million, $1.3 million and $1.5 million related to uncertain tax positions for the years ended December 31, 2018, 2017 and 2016, respectively. It is reasonably possible that certain income tax examinations may be concluded, or statutes of limitation may lapse, during the next twelve months, which could result in a decrease in unrecognized tax benefits of approximately $0.9 million that would, if recognized, impact the effective tax rate.

The Company files a consolidated federal income tax return. The Company has substantially concluded all U.S. federal income tax matters for years through 2018. The Company has concluded substantially all income tax matters for all major jurisdictions through 2013.

For the years ended December 31, 2018, 2017 and 2016, a reconciliation of the federal statutory tax rate to the Company's effective tax rate for continuing operations is as follows:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Federal statutory tax rate	21.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	7.0	6.7	4.5
Valuation allowance	4.1	—	(0.3)
Uncertain tax positions	—	—	(0.2)
Televisa settlements (non-taxable)	(5.9)	(3.2)	(6.4)
Meals and entertainment	0.5	0.1	0.3
The Tax Cuts and Jobs Act impact	—	(39.1)	—
Other	(0.7)	(0.8)	1.5
Total effective tax rate	26.0%	(1.3%)	34.4%

17. Share-Based Compensation

On December 1, 2010, UHI established the 2010 Equity Incentive Plan (the "2010 Plan"), which replaced the amended and restated 2007 Equity Incentive Plan (the "2007 Plan"). The 2010 Plan reflects a recapitalization of UHI and Broadcast Holdings whereby the original Class A common stock and Class L common stock of UHI and shares of Preferred Stock of Broadcast Holdings were converted to new classes of stock of UHI. Shares and strike prices for awards made under the 2007 Plan were converted to reflect the new capital structure. The 2010 Plan is administered by the Board of Directors or, at its election, by one or more committees consisting of one or more members who have been appointed by the Board of Directors (the "Plan Committee"). The Plan

Committee shall have such authority and be responsible for such functions as may be delegated to it by the Board of Directors and any reference to the Board of Directors in the 2010 Plan shall be construed as a reference to the Plan Committee with respect to functions delegated to it. If no Plan Committee is appointed, the entire Board of Directors shall administer the 2010 Plan.

The 2010 Plan was adopted to attract, retain and motivate officers and employees of, consultants to, and non-employee directors of the Company. Under the 2010 Plan, the maximum number of shares that may be issued pursuant to awards made under the plan is 900,671 shares of common stock as a result of the most recent increase in 2016 and such additional securities in such amounts as the Board of Directors or Plan Committee may approve. Additional awards may also be made under the 2010 Plan, in the Board of Directors or Plan Committee's sole discretion, in assumption of, or substitution for, outstanding awards previously granted by UHI or an affiliate or a company acquired by UHI or an affiliate or with which UHI combines. Upon the exercise of a stock option award or the vesting of a restricted stock unit, shares of UHI common stock are issued from authorized but unissued shares.

The price of the options granted pursuant to the 2010 and 2007 Plan may not be less than 100% of the fair market value of the shares on the date of grant. Award grants may be in the form of nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, dividend equivalent rights or other stock-based awards. No nonqualified stock option or stock appreciation right award will be exercisable after ten years from the date granted. The number of shares subject to an award, the consequences of a participant's termination of service with the Company or any subsidiary or affiliate, and the dates and events on which all or any installment of an award shall be vested and nonforfeitable shall be set out in an individual award agreement.

The Company's share-based compensation pre-tax expense is presented below:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Employee share-based compensation……	$ 18,700	$ 29,200	$ 20,900

The total income tax benefit for share-based compensation recognized in the consolidated statements of operations (including restricted stock units) for the years ended December 31, 2018, 2017 and 2016 were $4.8 million, $7.5 million and $8.1 million, respectively.

In 2017, the Company modified certain employee's equity awards to permit them to sell a targeted amount of their underlying shares to the Company at fair value under certain circumstances in 2018. For the year ended December 31, 2018, the Company recorded a reduction to its share-based compensation expense of $1.9 million related to these modified awards. For the year ended December 31, 2017, the Company recorded a remeasurement expense of $3.0 million upon modification, which is included in share-based compensation expense. The Company settled these awards during 2018.

Stock Options

A summary of stock options as of December 31, 2018 and the changes during the year then ended is presented below:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Balance at December 31, 2017	630,701	$ 309.83		
Granted	138,087	$ 217.29		
Exercised	(110,730)	$ 197.95		
Forfeited, canceled, or expired	(152,448)	$ 329.66		
Outstanding at December 31, 2018	505,610	$ 303.08	6.7	$ 500
Exercisable at December 31, 2018	299,968	$ 307.10	5.2	$ 500

The weighted-average grant-date fair value of options granted during the years ended December 31, 2018, 2017 and 2016 was $62.05, $153.93 and $154.13, respectively. The majority of the Company's stock options are time-based and vest over periods of between three and five years. The total intrinsic value of options exercised during the years ended December 31, 2018, 2017 and 2016 was $2.7 million, $5.1 million, and $4.9 million, respectively. Ten percent of stock options vest only upon a change in control and therefore no compensation expense is recorded until such event occurs. Total unrecognized compensation cost related to unvested stock option awards that will vest upon satisfaction of service conditions as of December 31, 2018 is $16.7 million, which is expected to be recognized over a weighted-average period of 2.3 years.

The table below reflects the volatility, dividend, expected term and risk-free interest rate for grants made during 2018, 2017 and 2016. The Company calculated volatility based on an assessment of volatility for the Company's selected peer group, adjusted for the Company's leverage.

	2018	2017	2016
Volatility	47.0%	47.8%	51.7%
Dividend yield	0.00%	0.00%	0.00%
Expected term (years)	3.13	9.66	9.57
Risk-free interest rate	2.55%	2.36%	1.67%

Restricted Stock Units

The following table presents the changes in the number of restricted stock unit awards during the year ended December 31, 2018:

	Restricted Stock Unit Awards		Weighted Average Price
Outstanding at December 31, 2017	113,054	$	341.75
Granted	42,864	$	217.09
Issued	(26,237)	$	337.92
Surrendered/Canceled	(58,452)	$	332.51
Outstanding at December 31, 2018	71,229	$	275.72

The restricted stock unit awards vest over periods of between three and four years from the date of grant. The fair value of restricted stock units awarded to employees is measured at estimated intrinsic value at the date of grant. The weighted-average grant-date fair value of restricted stock units granted during the years ended December 31, 2018, 2017 and 2016 was $217.09, $338.03, and $323.96, respectively. The total fair value of shares vested during the years ended December 31, 2018, 2017 and 2016 was $10.3 million, $16.5 million and $9.5 million, respectively. Total unrecognized compensation cost related to unvested restricted stock units as of December 31, 2018 is $12.7 million, which is expected to be recognized over a weighted-average period of 1.8 years.

18. Contingencies and Commitments

Contingencies

The Company maintains insurance coverage for various risks, where deemed appropriate by management, at rates and terms that management considers reasonable. The Company has deductibles for various risks, including those associated with windstorm and earthquake damage. The Company self-insures its employee medical benefits and its media errors and omissions exposures. In management's opinion, the potential exposure in future periods, if uninsured losses were to be incurred, should not be material to the consolidated financial position or results of operations.

The Company is subject to various lawsuits and other claims in the normal course of business. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with law or regulations in jurisdictions in which the Company operates.

The Company establishes reserves for specific liabilities in connection with regulatory and legal actions that the Company deems to be probable and estimable. The Company believes the amounts accrued in its financial statements are sufficient to cover all probable liabilities. In other instances, the Company is not able to make a reasonable estimate of any liability because of the uncertainties related to the outcome and/or the amount or range of loss. The Company does not expect that the ultimate resolution of pending regulatory and legal matters in future periods will have a material effect on the Company's financial condition or result of operations.

For the year ended December 31, 2018, subscriber revenues were reduced by an estimated revenue adjustment of $65.1 million from a contractual obligation in 2018. This adjustment resulted in an associated reduction in operating expenses of $12.0 million related to a decrease in the Company's variable program license fees.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee ("ARRC") has proposed that the Secured Overnight Financing Rate ("SOFR") is the rate that represents best practice as the alternative to USD-LIBOR for use

in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a paced market transition plan to SOFR from USD-LIBOR and organizations are currently working on industry wide and company specific transition plans as it relates to derivatives and cash markets exposed to USD-LIBOR. The Company has material contracts that are indexed to USD-LIBOR and is monitoring this activity and evaluating the related risks.

Commitments

In the normal course of business, the Company enters into multi-year contracts for programming content, sports rights, research and other service arrangements and in connection with joint ventures.

The Company has long-term operating leases expiring on various dates for office, studio, automobile and tower rentals. The Company's operating leases, which are primarily related to buildings and tower properties, have various renewal terms and escalation clauses. The Company also has long-term capital lease obligations for land and facilities and for its transponders that are used to transmit and receive its network signals.

The following is a schedule by year of future minimum payments under programming and other contracts and future minimum rental payments under noncancelable operating and capital leases as of December 31, 2018:

Year	Programming and Other (a)	Operating Leases	Capital Leases
2019	$ 331,200	$ 37,700	$ 9,900
2020	272,300	40,900	10,000
2021	234,000	38,200	8,800
2022	184,200	35,600	8,300
2023	27,800	31,500	8,200
Thereafter	100,300	148,400	78,500
Total minimum payments	1,149,800	332,300	123,700
Executory costs excluded from capital lease obligations			(1,000)
Net minimum lease payments			122,700
Interest and other			(52,000)
Total present value of minimum lease payments			70,700
Current portion			6,800
Capital lease obligation, less current portion			$ 63,900

(a) Other amounts include commitments associated with research tools, information technology and music license fees, but exclude the license fees that will be paid in accordance with the PLA with Televisa.

Rent expense totaled $41.9 million, $43.6 million and $41.7 million for the years ended December 31, 2018, 2017 and 2016, respectively.

19. Employee Benefits

The Company has a 401(k) retirement savings plan (the "401(k) Plan") covering all eligible employees over the age of 21. The 401(k) Plan allows the employees to defer a portion of their annual compensation, and the Company may match a portion of the employees' contributions generally after the first day of service. As of April 1, 2018, the Company matched 100% of the first 3% of eligible employee compensation that was contributed to the 401(k) Plan. For the first quarter of 2018 and the years ended December 31, 2017 and 2016, the Company matched 50% of the first 3% of eligible employee compensation that was contributed to the 401(k) Plan. For the years ended December 31, 2018, 2017 and 2016, the Company recognized expense for matching cash contributions to the 401(k) Plan totaling $6.6 million, $3.9 million and $3.9 million, respectively.

20. Segments

The Company's segments have been determined in accordance with the Company's internal management structure, which is organized based on operating activities that are reviewed by the Company's chief operating decision maker. The Company evaluates performance based on several factors. In addition to considering primary financial measures including revenue, management evaluates operating performance for planning and forecasting future business operations by considering Adjusted OIBDA (as defined below). Adjusted OIBDA eliminates the effects of certain items the Company does not consider indicative of its core operating performance.

Based on its customers and type of content, the Company has operations in two segments, Media Networks and Radio. The Company's Media Networks segment includes *Univision Network*; *UniMás*; 10 cable networks, including *Galavisión* and *Univision Deportes Network*; and the Company's owned and operated television stations. The Media Networks segment also includes digital properties consisting of online and mobile websites and applications including *Univision.com* and *Univision Now*, a direct-to-consumer on-demand and live streaming subscription service. During 2018, as part of an overall strategic review, the Company initiated a process to sell its English-language digital assets. The results of the English-language businesses have been classified as discontinued operations for all periods presented and are therefore excluded from the segment disclosure below.

The Radio segment includes the Company's owned and operated radio stations; *Uforia*, a music application featuring multimedia music content; and the audio-only elements of *Univision.com.* Additionally, the Company incurs corporate expenses separate from the two segments which include general corporate overhead and unallocated, shared company expenses related to human resources, finance, legal and executive which are centrally managed and support the Company's operating and financing activities. Unallocated assets include the retained interest in the Company's accounts receivable facility, fixed assets and deferred financing costs that are not allocated to the segments. The segments have separate financial information which is used by the chief operating decision maker to evaluate performance and allocate resources. The segment results reflect how management evaluates its financial performance and allocates resources and are not necessarily indicative of the results of operations that each segment would have achieved had they operated as stand-alone entities during the periods presented.

Adjusted OIBDA represents operating income before depreciation, amortization and certain additional adjustments to operating income. In calculating Adjusted OIBDA the Company's operating income is adjusted for share-based compensation and other non-cash charges, restructuring and severance charges, as well as other non-operating related items.

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

Segment information on a continuing operations basis is presented in the table below:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Disaggregated revenues:			
Advertising:			
Media Networks	$ 1,308,600	$ 1,467,200	$ 1,710,400
Radio	241,100	242,600	262,700
Total	$ 1,549,700	$ 1,709,800	$ 1,973,100
Subscription:			
Media Networks	$ 987,100	$ 1,043,200	$ 809,100
Total	$ 987,100	$ 1,043,200	$ 809,100
Content licensing:			
Media Networks	$ 36,500	$ 28,500	$ 63,800
Total	$ 36,500	$ 28,500	$ 63,800
Other:			
Media Networks	$ 126,300	$ 132,800	$ 139,700
Radio	14,200	23,000	13,100
Total	$ 140,500	$ 155,800	$ 152,800
Revenue:			
Media Networks	$ 2,458,500	$ 2,671,700	$ 2,723,000
Radio	255,300	265,600	275,800
Consolidated	$ 2,713,800	$ 2,937,300	$ 2,998,800
Depreciation and amortization:			
Media Networks	$ 135,500	$ 146,300	$ 144,600
Radio	6,700	8,000	9,800
Corporate	24,100	26,100	26,000
Consolidated	$ 166,300	$ 180,400	$ 180,400
Operating income (loss):			
Media Networks	$ 820,500	$ 1,299,200	$ 1,163,900
Radio	(29,700)	(3,200)	(115,200)
Corporate	(179,900)	(162,200)	(143,900)
Consolidated	$ 610,900	$ 1,133,800	$ 904,800
Adjusted OIBDA:			
Media Networks	$ 1,038,100	$ 1,322,900	$ 1,342,000
Radio	75,500	86,700	91,900
Corporate	(90,800)	(99,400)	(94,200)
Consolidated	$ 1,022,800	$ 1,310,200	$ 1,339,700
Capital expenditures:			
Media Networks	$ 42,900	$ 60,400	$ 75,100
Radio	1,300	5,900	6,300
Corporate	12,500	20,100	17,500
Consolidated	$ 56,700	$ 86,400	$ 98,900

	December 31, 2018	December 31, 2017
Total assets:		
Media Networks	$ 7,789,900	$ 7,947,300
Radio	570,600	671,400
Corporate	785,200	771,700
Consolidated	$ 9,145,700	$ 9,390,400

Presented below on a consolidated basis is a reconciliation of income from continuing operations, which is the most directly comparable GAAP financial measure, to the non-GAAP measure Adjusted OIBDA:

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Income from continuing operations	$ 149,700	$ 672,500	$ 229,200
Provision (benefit) for income taxes	52,600	(8,900)	120,400
Income before income taxes	202,300	663,600	349,600
Other expense (income):			
Interest expense	391,200	422,700	493,900
Interest income	(12,900)	(12,000)	(11,000)
Amortization of deferred financing costs	7,600	10,100	15,800
Loss on extinguishment of debt [(a)]	—	41,500	26,500
Other[(b)]	22,700	7,900	30,000
Operating income	610,900	1,133,800	904,800
Depreciation and amortization	166,300	180,400	180,400
Impairment loss[(c)]	143,400	88,900	204,500
Restructuring, severance and related charges	104,800	52,300	27,500
Gain on sale of assets, net[(d)]	(23,300)	(183,300)	—
Share-based compensation	18,700	29,200	20,900
Other adjustments to operating income[(e)]	2,000	8,900	1,600
Adjusted OIBDA	$ 1,022,800	$ 1,310,200	$ 1,339,700

(a) Loss on extinguishment of debt is a result of the Company's refinancing transactions as disclosed in Note 13. *Debt*.

(b) Other is primarily comprised of income (loss) arising from the Company's investments and in 2016 expenses associated with capital-raising transactions. See Note 10. *Investments and Noncontrolling Interests*.

(c) Impairment loss is primarily comprised of non-cash impairments related to the write-down of broadcast license and tradename in the Radio segment, program rights in the Media Networks segment and the write-down of property held for sale.

(d) Gain on sale of assets, net primarily pertains to the gains related to the sale of a portion of the Company's spectrum assets in the FCC's broadcast incentive auction as well as gains and losses associated with miscellaneous real estate and other asset sales.

(e) Other adjustments to operating income is primarily comprised of letter of credit fees and costs associated with the renewal of certain contracts.

The Company is providing the supplemental information below which is the portion of the Company's revenue equal to the royalty base used to determine the license fee payable by the Company under the program license agreement with Televisa, as set forth below:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Consolidated revenue ……..…….…..….	$ 2,713,800	$ 2,937,300	$ 2,998,800
Less:			
Radio segment revenue (including Radio digital revenue)…….....	(255,300)	(265,600)	(275,800)
Other adjustments to arrive at revenue included in royalty base…….	(184,000)	(163,200)	(136,900)
Royalty base used to calculate Televisa license fee……...…….…..	$ 2,274,500	$ 2,508,500	$ 2,586,100

21. Condensed Consolidating Financial Information

Set forth below are condensed consolidating financial statements presenting the financial position, results of operations and cash flows of (i) Univision Communications Inc. (the "Parent Company"), (ii) the guarantor subsidiaries of the Parent Company (the "Guarantor Subsidiaries"), on a combined basis, (iii) the special purpose subsidiaries that are party to the Company's accounts receivable facility (the "Receivable Facility"), on a combined basis, (iv) the Company's other non-guarantor subsidiaries (the "Non-Guarantors"), on a combined basis and (v) the eliminations necessary to arrive at the information for Univision Communications Inc. and subsidiaries on a consolidated basis. The Guarantor Subsidiaries are all wholly-owned subsidiaries of the Parent Company which fully and unconditionally guarantee the Company's Senior Secured Credit Facilities and senior notes on a joint and several basis.

The Company owns several wholly-owned early stage ventures which have been designated as "unrestricted subsidiaries" for purposes of the credit agreement governing the senior secured credit facilities and indentures governing the senior notes. The Guarantor Subsidiaries are substantially all of the Parent Company's domestic subsidiaries. The subsidiaries that are not guarantors include certain immaterial subsidiaries, the subsidiaries that are party to the Receivable Facility and the designated unrestricted subsidiaries and are presented in conformity with the requirements of the credit agreement governing the senior secured credit facilities and indentures governing the senior notes.

In presenting the condensed consolidating financial statements, the equity method of accounting has been applied to the Parent Company's interests in its consolidated subsidiaries, even though all such subsidiaries meet the requirements to be consolidated under GAAP. Results of operations of subsidiaries are therefore reflected in the Parent Company's investment in consolidated subsidiaries account. The elimination entries eliminate the investment in consolidated subsidiaries and related stockholder's equity, as well as all intercompany balances and transactions.

Condensed Consolidating Balance Sheets (in thousands)

	December 31, 2018					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 121,900	$ —	$ 6,400	$ —	$ 128,300
Accounts receivable, net	—	42,900	566,300	5,500	—	614,700
Program rights and prepayments	—	134,900	—	800	—	135,700
Prepaid expenses and other	100	81,400	—	200	—	81,700
Current assets held for sale	—	24,100	—	2,300	—	26,400
Total current assets	100	405,200	566,300	15,200	—	986,800
Property and equipment, net	—	590,300	—	4,300	—	594,600
Intangible assets, net	—	2,639,200	—	—	—	2,639,200
Goodwill	—	4,591,800	—	—	—	4,591,800
Program rights and prepayments	—	75,500	—	9,500	—	85,000
Investments	—	119,500	—	600	—	120,100
Investments in consolidated subsidiaries	7,580,600	2,000	—	—	(7,582,600)	—
Other assets	12,500	140,500	1,400	200	—	154,600
Total assets	$ 7,593,200	$ 8,564,000	$ 567,700	$ 29,800	$ (7,582,600)	$ 9,172,100
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)						
Current liabilities:						
Accounts payable and accrued liabilities	$ 43,800	$ 370,300	$ 300	$ 3,400	$ (100)	$ 417,700
Deferred revenue	—	75,700	—	10,200	—	85,900
Current liabilities held for sale	—	3,400	—	100	—	3,500
Current portion of long-term debt and capital lease obligations	110,900	6,800	—	—	—	117,700
Total current liabilities	154,700	456,200	300	13,700	(100)	624,800
Long-term debt and capital lease obligations	7,277,100	63,800	100,000	—	—	7,440,900
Deferred tax liabilities, net	—	456,200	—	(800)	—	455,400
Deferred revenue	—	388,400	—	—	—	388,400
Other long-term liabilities	27,200	98,600	—	—	—	125,800
Total liabilities	7,459,000	1,463,200	100,300	12,900	(100)	9,035,300
Stockholder's equity (deficit):						
Common stock	—	—	—	—	—	—
Additional paid-in-capital	5,292,500	7,146,300	—	3,800	(7,150,100)	5,292,500
Due to parent	—	(1,384,700)	594,500	50,800	739,400	—
Accumulated (deficit) retained earnings	(5,122,800)	1,359,200	(127,100)	(35,300)	(1,196,800)	(5,122,800)
Accumulated other comprehensive (loss) income	(35,500)	(20,000)	—	(5,000)	25,000	(35,500)
Total Univision Communications Inc. and subsidiaries stockholder's equity (deficit)	134,200	7,100,800	467,400	14,300	(7,582,500)	134,200
Noncontrolling interest	—	—	—	2,600	—	2,600
Total stockholder's equity (deficit)	134,200	7,100,800	467,400	16,900	(7,582,500)	136,800
Total liabilities, redeemable noncontrolling interests and stockholder's equity (deficit)	$ 7,593,200	$ 8,564,000	$ 567,700	$ 29,800	$ (7,582,600)	$ 9,172,100

	December 31, 2017					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 56,400	$ —	$ 3,200	$ —	$ 59,600
Accounts receivable, net	—	35,700	629,600	1,500	—	666,800
Program rights and prepayments	—	167,000	—	—	—	167,000
Prepaid expenses and other	—	38,300	—	1,300	—	39,600
Current assets held for sale	—	26,900	—	13,400	(7,900)	32,400
Total current assets	—	324,300	629,600	19,400	(7,900)	965,400
Property and equipment, net	—	648,100	—	5,200	—	653,300
Intangible assets, net	—	2,836,800	—	—	—	2,836,800
Goodwill	—	4,591,800	—	—	—	4,591,800
Program rights and prepayments	—	122,100	—	25,000	(17,000)	130,100
Investments	—	78,500	—	500	—	79,000
Investments in consolidated subsidiaries	7,721,800	27,900	—	—	(7,749,700)	—
Noncurrent assets held for sale	—	129,100	—	70,900	(10,500)	189,500
Other assets	5,600	150,000	1,900	100	—	157,600
Total assets	$ 7,727,400	$ 8,908,600	$ 631,500	$ 121,100	$ (7,785,100)	$ 9,603,500
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)						
Current liabilities:						
Accounts payable and accrued liabilities	$ 45,200	$ 336,900	$ 1,000	$ 3,600	$ (300)	$ 386,400
Deferred revenue	—	68,800	—	19,100	(17,100)	70,800
Current liabilities held for sale	—	1,300	—	12,600	(12,200)	1,700
Current portion of long-term debt and capital lease obligations	30,300	6,700	—	—	—	37,000
Total current liabilities	75,500	413,700	1,000	35,300	(29,600)	495,900
Long-term debt and capital lease obligations	7,555,600	65,300	379,000	—	—	7,999,900
Deferred tax liabilities, net	—	436,500	—	(800)	—	435,700
Deferred revenue	—	445,700	—	—	—	445,700
Noncurrent liabilities held for sale	—	700	—	6,300	—	7,000
Other long-term liabilities	58,200	89,000	—	—	—	147,200
Total liabilities	7,689,300	1,450,900	380,000	40,800	(29,600)	9,531,400
Redeemable noncontrolling interests	—	—	—	32,500	—	32,500
Stockholder's equity (deficit):						
Common stock	—	—	—	—	—	—
Additional paid-in-capital	5,283,100	7,150,600	—	29,800	(7,180,400)	5,283,100
Due to parent	—	(724,300)	368,100	58,700	297,500	—
Accumulated (deficit) retained earnings	(5,195,800)	1,028,800	(116,600)	(37,700)	(874,500)	(5,195,800)
Accumulated other comprehensive (loss) income	(49,200)	2,600	—	(4,500)	1,900	(49,200)
Total Univision Communications Inc. and subsidiaries stockholder's equity (deficit)	38,100	7,457,700	251,500	46,300	(7,755,500)	38,100
Noncontrolling interest	—	—	—	1,500	—	1,500
Total stockholder's equity (deficit)	38,100	7,457,700	251,500	47,800	(7,755,500)	39,600
Total liabilities, redeemable noncontrolling interests and stockholder's equity (deficit)	$ 7,727,400	$ 8,908,600	$ 631,500	$ 121,100	$ (7,785,100)	$ 9,603,500

Condensed Consolidating Statements of Operations (in thousands)

	For the year ended December 31, 2018					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 2,671,900	$ —	$ 89,800	$ (47,900)	$ 2,713,800
Direct operating expenses	—	994,300	—	65,800	(29,400)	1,030,700
Selling, general and administrative expenses	—	679,400	—	17,400	(15,800)	681,000
Impairment loss	—	142,700	—	700	—	143,400
Restructuring, severance and related charges	—	104,600	—	200	—	104,800
Depreciation and amortization	—	164,600	—	1,700	—	166,300
Gain on sale of assets, net	—	(23,300)	—	—	—	(23,300)
Operating income (loss)	—	609,600	—	4,000	(2,700)	610,900
Other expense (income):						
Equity in income of consolidated subsidiaries	(315,300)	—	—	—	315,300	—
Interest expense	303,300	78,300	9,600	—	—	391,200
Interest income	—	(12,800)	—	(100)	—	(12,900)
Amortization of deferred financing costs	7,200	—	400	—	—	7,600
Other	—	22,200	500	—	—	22,700
Income (loss) from continuing operations before income taxes	4,800	521,900	(10,500)	4,100	(318,000)	202,300
Provision for income taxes	—	51,500	—	1,100	—	52,600
Net income (loss) from continuing operations	4,800	470,400	(10,500)	3,000	(318,000)	149,700
Loss from discontinued operations, net of tax	—	(146,000)	—	100	(3,000)	(148,900)
Net income (loss)	4,800	324,400	(10,500)	3,100	(321,000)	800
Net (loss) income attributable to noncontrolling interests	—	(4,700)	—	700	—	(4,000)
Net income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 4,800	$ 329,100	$ (10,500)	$ 2,400	$ (321,000)	$ 4,800
Comprehensive income (loss)	$ 21,000	$ 324,400	$ (10,500)	$ 3,100	$ (321,000)	$ 17,000
Comprehensive (loss) income attributable to noncontrolling interests	—	(4,700)	—	700	—	(4,000)
Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 21,000	$ 329,100	$ (10,500)	$ 2,400	$ (321,000)	$ 21,000

	For the year ended December 31, 2017					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 2,921,500	$ —	$ 38,200	$ (22,400)	$ 2,937,300
Direct operating expenses	—	960,200	—	27,300	(9,200)	978,300
Selling, general and administrative expenses	—	686,700	300	14,900	(15,000)	686,900
Impairment loss	—	88,900	—	—	—	88,900
Restructuring, severance and related charges	—	52,200	—	100	—	52,300
Depreciation and amortization	—	179,300	—	1,100	—	180,400
Gain on sale of assets, net	—	(183,300)	—	—	—	(183,300)
Operating income (loss)	—	1,137,500	(300)	(5,200)	1,800	1,133,800
Other expense (income):						
Equity in income of consolidated subsidiaries	(1,113,700)	—	—	—	1,113,700	—
Interest expense	408,200	4,700	9,800	—	—	422,700
Interest income	—	(11,800)	—	(200)	—	(12,000)
Amortization of deferred financing costs	9,100	—	1,000	—	—	10,100
Loss on extinguishment of debt	41,500	—	—	—	—	41,500
Other	—	7,300	600	—	—	7,900
Income (loss) from continuing operations before income taxes	654,900	1,137,300	(11,700)	(5,000)	(1,111,900)	663,600
(Benefit) provision for income taxes	—	(9,200)	—	300	—	(8,900)
Net income (loss) from continuing operations	654,900	1,146,500	(11,700)	(5,300)	(1,111,900)	672,500
Loss from discontinued operations, net of tax	—	(12,600)	—	(7,400)	(4,200)	(24,200)
Net income (loss)	654,900	1,133,900	(11,700)	(12,700)	(1,116,100)	648,300
Net loss attributable to noncontrolling interests	—	—	—	(6,600)	—	(6,600)
Net income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 654,900	$ 1,133,900	$ (11,700)	$ (6,100)	$ (1,116,100)	$ 654,900
Comprehensive income (loss)	$ 597,200	$ 1,093,100	$ (11,700)	$ (12,300)	$ (1,075,700)	$ 590,600
Comprehensive loss attributable to noncontrolling interests	—	—	—	(6,600)	—	(6,600)
Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 597,200	$ 1,093,100	$ (11,700)	$ (5,700)	$ (1,075,700)	$ 597,200

	For the year ended December 31, 2016					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 2,991,800	$ —	$ 20,000	$ (13,000)	$ 2,998,800
Direct operating expenses	—	981,000	—	16,800	—	997,800
Selling, general and administrative expenses	—	683,800	400	12,600	(13,000)	683,800
Impairment loss	—	204,500	—	—	—	204,500
Restructuring, severance and related charges	—	27,400	—	100	—	27,500
Depreciation and amortization	—	179,700	—	700	—	180,400
Operating income (loss)	—	915,400	(400)	(10,200)	—	904,800
Other expense (income):						
Equity in income of consolidated subsidiaries	(743,900)	—	—	—	743,900	—
Interest expense	483,800	4,300	5,800	—	—	493,900
Interest income	—	(11,000)	—	—	—	(11,000)
Amortization of deferred financing costs	14,600	—	1,200	—	—	15,800
Loss on extinguishment of debt	26,500	—	—	—	—	26,500
Other	100	28,500	1,400	—	—	30,000
Income (loss) from continuing operations before income taxes	218,900	893,600	(8,800)	(10,200)	(743,900)	349,600
Provision for income taxes	—	120,100	—	300	—	120,400
Net income (loss) from continuing operations	218,900	773,500	(8,800)	(10,500)	(743,900)	229,200
Loss from discontinued operations, net of tax	—	(7,900)	—	(5,600)	—	(13,500)
Net income (loss)	218,900	765,600	(8,800)	(16,100)	(743,900)	215,700
Net loss attributable to noncontrolling interests	—	—	—	(3,200)	—	(3,200)
Net income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 218,900	$ 765,600	$ (8,800)	$ (12,900)	$ (743,900)	$ 218,900
Comprehensive income (loss)	$ 223,200	$ 756,700	$ (8,800)	$ (17,000)	$ (734,000)	$ 220,100
Comprehensive loss attributable to noncontrolling interests	—	—	—	(3,200)	—	(3,200)
Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 223,200	$ 756,700	$ (8,800)	$ (13,800)	$ (734,000)	$ 223,300

Condensed Consolidating Statements of Cash Flows (in thousands)

	For the year ended December 31, 2018					
	Parent Company	**Guarantor Subsidiaries**	**Receivable Facility**	**Non-Guarantors**	**Eliminations**	**Consolidated**
Cash flows from operating activities:						
Net cash (used in) provided by operating activities from continuing operations	$ (310,800)	$ 986,100	$ (10,700)	$ 7,300	$ (2,900)	$ 669,000
Net cash (used in) provided by operating activities from discontinued operations	—	(12,800)	—	(1,300)	900	(13,200)
Net cash (used in) provided by operating activities	(310,800)	973,300	(10,700)	6,000	(2,000)	655,800
Cash flows from investing activities:						
Capital expenditures	—	(56,100)	—	(600)	—	(56,700)
Proceeds from sale of fixed assets and other	—	12,600	—	—	—	12,600
Proceeds from sale of investment		1,200	—	—	—	1,200
Investments	—	(2,300)	—	—	—	(2,300)
Acquisition of broadcast licenses and other intangible assets	—	(6,100)	—	—	—	(6,100)
Change in due from consolidated subsidiaries	528,800	—	—	—	(528,800)	—
Net cash provided by (used in) investing activities from continuing operations	528,800	(50,700)	—	(600)	(528,800)	(51,300)
Net cash used in investing activities from discontinued operations	—	(2,700)	—	—	—	(2,700)
Net cash provided by (used in) investing activities	528,800	(53,400)	—	(600)	(528,800)	(54,000)
Cash flows from financing activities:						
Proceeds from revolving debt	253,000	—	266,000	—	—	519,000
Payments of long-term debt and capital leases	(48,000)	(7,100)	—	—	—	(55,100)
Payments of revolving debt	(408,000)	—	(545,000)	—	—	(953,000)
Repurchase of common stock on behalf of Univision Holdings, Inc.	(9,000)	—	—	—	—	(9,000)
Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees.	(6,000)	—	—	—	—	(6,000)
Acquisition of noncontrolling interests	—	(28,700)	—	—	—	(28,700)
Funding for discontinued operations	—	(15,900)	—	—	—	(15,900)
Other	—	(400)	—	—	—	(400)
Change in financing receivables	—	(63,300)	63,300	—	—	—
Change in due to parent	—	(754,300)	226,400	(2,900)	530,800	—
Net cash (used in) provided by financing activities from continuing operations	(218,000)	(869,700)	10,700	(2,900)	530,800	(549,100)
Net cash provided by financing activities from discontinued operations	—	14,700	—	1,200	—	15,900
Net cash (used in) provided by financing activities	(218,000)	(855,000)	10,700	(1,700)	530,800	(533,200)
Net increase in cash, cash equivalents, and restricted cash	—	64,900	—	3,700	—	68,600
Cash, cash equivalents, and restricted cash, beginning of period	—	58,700	—	2,700	—	61,400
Cash, cash equivalents, and restricted cash, end of period	$ —	$ 123,600	$ —	$ 6,400	$ —	$ 130,000

	For the year ended December 31, 2017					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
Cash flows from operating activities:						
Net cash (used in) provided by operating activities from continuing operations	$ (471,200)	$ 1,054,900	$ (9,700)	$ 1,300	$ 5,600	$ 580,900
Net cash (used in) provided by operating activities from discontinued operations	—	(18,600)	—	(4,000)	1,200	(21,400)
Net cash (used in) provided by operating activities	(471,200)	1,036,300	(9,700)	(2,700)	6,800	559,500
Cash flows from investing activities:						
Capital expenditures	—	(83,400)	—	(3,000)	—	(86,400)
Advance on monetization of spectrum assets	—	411,200	—	—	—	411,200
Proceeds from sale of fixed assets and other	—	49,400	—	—	—	49,400
Investments	—	(4,900)	—	(500)	—	(5,400)
Acquisition of broadcast licenses and other intangible assets	—	(25,600)	—	—	—	(25,600)
Change in due from consolidated subsidiaries	1,360,500	—	—	—	(1,360,500)	—
Net cash provided by (used in) investing activities from continuing operations	1,360,500	346,700	—	(3,500)	(1,360,500)	343,200
Net cash used in investing activities from discontinued operations	—	(2,700)	—	(100)	—	(2,800)
Net cash provided by (used in) investing activities	1,360,500	344,000	—	(3,600)	(1,360,500)	340,400
Cash flows from financing activities:						
Proceeds from issuance of long-term debt	4,463,500	—	—	—	—	4,463,500
Proceeds from revolving debt	844,000	—	485,000	—	—	1,329,000
Payments of long-term debt and capital leases	(5,355,600)	(7,000)	—	—	—	(5,362,600)
Payments of revolving debt	(814,000)	—	(506,000)	—	—	(1,320,000)
Repurchase of common stock on behalf of Univision Holdings, Inc.	(17,800)	—	—	—	—	(17,800)
Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees.	(9,300)	—	—	—	—	(9,300)
Funding for discontinued operations	—	(24,200)	—	—	—	(24,200)
Other	(100)	(1,400)	(1,000)	900	—	(1,600)
Change in financing receivables	—	(4,500)	4,500	—	—	—
Change in due to parent	—	(1,380,600)	27,200	(3,600)	1,357,000	—
Net cash (used in) provided by financing activities from continuing operations	(889,300)	(1,417,700)	9,700	(2,700)	1,357,000	(943,000)
Net cash provided by (used in) financing activities from discontinued operations	—	18,600	—	8,900	(3,300)	24,200
Net cash (used in) provided by financing activities	(889,300)	(1,399,100)	9,700	6,200	1,353,700	(918,800)
Net decrease in cash, cash equivalents, and restricted cash	—	(18,800)	—	(100)	—	(18,900)
Cash, cash equivalents, and restricted cash, beginning of period	—	76,900	—	3,400	—	80,300
Cash, cash equivalents, and restricted cash, end of period	$ —	$ 58,100	$ —	$ 3,300	$ —	$ 61,400

	For the year ended December 31, 2016					
	Parent Company	Guarantor Subsidiaries	Receivable Facility	Non-Guarantors	Eliminations	Consolidated
Cash flows from operating activities:						
Net cash (used in) provided by operating activities from continuing operations	$ (521,500)	$ 1,156,000	$ (7,600)	$ (22,600)	$ —	$ 604,300
Net cash used in operating activities from discontinued operations	—	(14,100)	—	(12,100)	—	(26,200)
Net cash (used in) provided by operating activities	(521,500)	1,141,900	(7,600)	(34,700)	—	578,100
Cash flows from investing activities:						
Capital expenditures	—	(97,400)	—	(1,500)	—	(98,900)
Proceeds from sale of fixed assets and other	—	102,300	—	—	—	102,300
Proceeds from sale of investments	—	2,200	—	—	—	2,200
Investments	—	(6,600)	—	—	—	(6,600)
Acquisition of businesses, net of cash	—	9,900	—	—	—	9,900
Change in due from consolidated subsidiaries	1,266,400	—	—	—	(1,266,400)	—
Net cash provided by (used in) investing activities from continuing operations	1,266,400	10,400	—	(1,500)	(1,266,400)	8,900
Net cash used in investing activities from discontinued operations	—	(159,800)	—	(600)	—	(160,400)
Net cash provided by (used in) investing activities	1,266,400	(149,400)	—	(2,100)	(1,266,400)	(151,500)
Cash flows from financing activities:						
Proceeds from revolving debt	393,000	—	888,000	—	—	1,281,000
Payments of long-term debt and capital leases	(863,000)	(6,600)	—	—	—	(869,600)
Payments of revolving debt	(268,000)	—	(588,000)	—	—	(856,000)
Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees.	(7,100)	—	—	—	—	(7,100)
Funding for discontinued operations	—	(190,500)	—	—	—	(190,500)
Other	200	(6,400)	—	1,000	—	(5,200)
Change in financing receivables	—	(24,900)	24,900	—	—	—
Change in due to parent	—	(947,900)	(317,300)	(1,200)	1,266,400	—
Net cash (used in) provided by financing activities from continuing operations	(744,900)	(1,176,300)	7,600	(200)	1,266,400	(647,400)
Net cash provided by financing activities from discontinued operations	—	150,500	—	36,200	—	186,700
Net cash (used in) provided by financing activities	(744,900)	(1,025,800)	7,600	36,000	1,266,400	(460,700)
Net decrease in cash, cash equivalents, and restricted cash	—	(33,300)	—	(800)	—	(34,100)
Cash, cash equivalents, and restricted cash, beginning of period	—	110,300	—	4,100	—	114,400
Cash, cash equivalents, and restricted cash, end of period	$ —	$ 77,000	$ —	$ 3,300	$ —	$ 80,300

22. Quarterly Financial Information (unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year
2018					
Revenue	$ 666,200	$ 730,900	$ 628,200	$ 688,500	$ 2,713,800
Income (loss) from continuing operations	$ 56,200	$ 121,300	$ 12,400	$ (40,200)	$ 149,700
Loss from discontinued operations, net of tax	$ (11,600)	$ (8,700)	$ (96,100)	$ (32,500)	$ (148,900)
Net income (loss)	$ 44,600	$ 112,600	$ (83,700)	$ (72,700)	$ 800
Net income (loss) attributable to Univision Communications Inc. and subsidiaries	$ 47,400	$ 114,300	$ (83,800)	$ (73,100)	$ 4,800

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year
2017					
Revenue	$ 676,600	$ 745,800	$ 759,400	$ 755,500	$ 2,937,300
Income from continuing operations	$ 65,400	$ 107,500	$ 109,600	$ 390,000	$ 672,500
Loss from discontinued operations, net of tax	$ (10,500)	$ (2,000)	$ (8,700)	$ (3,000)	$ (24,200)
Net income	$ 54,900	$ 105,500	$ 100,900	$ 387,000	$ 648,300
Net income attributable to Univision Communications Inc. and subsidiaries	$ 58,100	$ 106,100	$ 104,000	$ 386,700	$ 654,900

UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

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," "Univision," "we," "us" and "our"), operates its business through two segments: Media Networks and Radio.

- ***Media Networks:*** The Company's Media Networks segment includes 12 broadcast and cable networks and more than 10 digital and mobile properties. The Company operates two broadcast television networks. *Univision Network* is among the most-watched broadcast television networks among U.S. Hispanics, available in approximately 81% of U.S. Hispanic television households. *UniMás* is among the leading Spanish-language broadcast television networks. In addition, the Company operates 10 cable networks, including *Galavisión,* the most-watched Spanish-language entertainment cable network among U.S. Hispanics, and *Univision Deportes Network,* the most-watched Spanish-language sports cable network among U.S. Hispanics. The Company owns and operates 65 local television stations, including stations located in the largest markets in the U.S., which is more owned and operated local television stations than any of the top four English-language broadcast networks. In addition, the Company provides programming to 70 broadcast network station affiliates. The Company's digital properties consist of online and mobile websites and applications, which generated approximately 354 million average monthly page views during the year ended December 31, 2018. *Univision.com* is the Company's flagship digital property and is the #1 most visited Spanish-language website among U.S. Hispanics, and *Univision Now* is the Company's direct-to-consumer, on-demand and live streaming subscription service. For the year ended December 31, 2018, the Media Networks segment accounted for approximately 91% of the Company's revenue.

- ***Radio:*** The Company has the largest Spanish-language radio group in the U.S., and its stations are frequently ranked #1 or #2 among Spanish-language stations in many major markets. The Company owns and operates 58 radio stations, including stations in 14 of the top 25 designated market areas ("DMAs") and Puerto Rico. The Company's radio stations reach 14 million listeners per week and cover approximately 70% of the U.S. Hispanic population. The Radio segment also includes *Uforia*, a music application featuring multimedia music content, which includes a total of 61 radio stations (including 18 exclusive digital stations), over 80 playlists categorized by mood and a library of more than 36 million songs. For the year ended December 31, 2018, the Radio segment accounted for approximately 9% of the Company's revenue.

During 2018, as part of an overall strategic review resulting in a renewed focus on the Company's core Hispanic broadcasting and digital operations, the Company initiated a process to sell its English-language digital businesses. See — "Recent Developments—Discontinued Operations." Unless indicated otherwise, this discussion and analysis relates to the Company's continuing operations. The English-language digital businesses were previously included in the Media Networks segment.

Additionally, the Company incurs and manages shared corporate expenses related to human resources, finance, legal and executive functions and certain assets separately from its two segments.

How Performance of the Business is Assessed

In assessing its performance, the Company uses a variety of financial and operational measures, including revenue, Adjusted OIBDA, Bank Credit Adjusted OIBDA and income from continuing operations.

Revenue

Ratings

The Company's advertising and subscription revenue is impacted by the strength of its television and radio ratings. The ratings of the Company's programs, which are an indication of market acceptance, directly affect its ability to generate advertising revenue during the airing of the program. In addition, programming with greater market acceptance is more likely to generate estimated incremental revenue through increases in the subscription fees that the Company is able to negotiate with multichannel video programming distributors ("MVPDs"). The Company's ratings and consequently its ability to generate advertising revenue are also affected by the scope of distribution of the Company's networks on these MVPDs. The Company has recently experienced a decline in ratings for its Univision Network primetime programming, particularly its telenovelas which it principally licenses from Grupo Televisa S.A.B. and its affiliates ("Televisa"). The Company is seeking to address this decline and improve the audience reaction to its programming by taking advantage of its relationship with Televisa and by seeking alternative programming. These initiatives may not be successful or result in an increase in ratings.

Advertising

The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations and its websites and mobile applications. Advertising revenues are recorded net of volume and prompt payment discounts.

For the broadcast and cable networks, the Company sells advertising time in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season in advance, often at discounted rates from the Company's standard rates. A portion of many upfront advertising commitments includes options whereby advertisers may reduce their purchase commitments. In making commitments in the upfront market, advertisers may shift between periods of a broadcast season resulting in a calendarization effect. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run and often pay a premium of the Company's standard rates. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time, type of programming and economic conditions. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. On the Univision Network, advertising revenue is typically evenly split between primetime and other day parts.

For the local television and radio stations, the Company sells national spot advertising and local advertising. National spot advertising represents time sold to advertisers that advertise in more than one DMA. Local advertising revenue is generated from both local merchants and service providers and regional and national businesses and advertising agencies located in a particular DMA. The Company often sells local advertising as a package across platforms, including local television, radio and related digital properties. The Company acts as the exclusive national sales representative for the sale of all national advertising on the Company's broadcast network affiliate stations and generally receives commission income based on a percentage of the Company's affiliate stations' total net advertising sales for representing them on national sales.

The Company also generates Media Networks and Radio segment revenue from the sale of display, mobile and video advertising, as well as sponsorships, on its websites and mobile applications.

Growth in advertising sales comes from increased viewership and pricing, expanded available inventory and the launch of new platforms. In addition, advertising revenue may grow as brand, volume and pricing gaps between advertising targeting U.S. Hispanics and advertising targeting the overall U.S. population narrow. Advertising revenue is subject to seasonality, market-based variations, general economic conditions, political cycles and advocacy campaigns. In addition, major sporting events, including soccer tournaments such as the Gold Cup and Copa America Centenario, generate estimated incremental revenue in the periods in which the programming airs from advertisers who purchase both such events and other advertising, and result in such advertisers shifting the timing for their purchase of other advertising from periods within the year in which the major sporting events programming does not air. Further, other major sporting events, including the World Cup and the Olympics, which air on the Company's competitors' networks may shift advertising to such competitors in the periods in which the programming airs.

In the normal course of business, the Company uses an intermediary or agent in executing transactions with third parties. When the intermediary or agent is determined to be the Company's customer, the Company records revenue based on the amount it expects to receive from the agent or intermediary.

In other circumstances, the determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Company serves as the principal in transactions in which it controls the goods or services prior to being transferred to the ultimate customer.

Subscription

Subscription revenue includes fees charged for the right to view the Company's broadcast and cable networks and retransmit its stations as well as to view the Company's content made available to customers through a variety of distribution platforms and viewing devices. Subscription revenue is principally comprised of fees received from MVPDs for carriage of the Company's networks as well as for authorizing carriage ("retransmission consent") of *Univision* and *UniMás* broadcast networks aired on the Company's owned television stations as well as fees for digital content. Typically, the Company's networks and stations are aired on MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company's networks and stations will receive, and if applicable, for annual rate increases. Carriage of the Company's networks and stations is generally determined by package, such as whether its networks are included in the more widely distributed, general entertainment packages or lesser-distributed, specialized packages, such as U.S. Hispanic-targeted or Spanish-language packages, sports packages, and movies or music packages. Subscription

revenue is largely dependent on the contractual rate per subscriber negotiated in the agreements, the number of subscribers that receive the Company's networks or content, and the market demand for the content that the Company provides. The Company also receives retransmission consent fees related to television stations affiliated with *Univision* and *UniMás* broadcast networks that the Company does not own (referred to as "affiliates"). The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of their *Univision* and *UniMás* stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

The Company's carriage agreements with MVPDs are renewed or renegotiated periodically. The Company has significant MVPD contract negotiations scheduled for the next few years, including in 2019, which the Company expects will impact the pricing for a majority of the Company's subscription revenue in future years. As the Company negotiates new contracts, it anticipates that its subscription revenue will increase and represent both a larger percentage of the Company's revenue and a significant portion of the Company's anticipated revenue growth in the next three years. The Company's success in increasing its subscription revenue will depend on the Company's ability to successfully negotiate new carriage agreements with MVPDs and renew its existing carriage agreements that are up for renewal at higher rates. The Company may not, however, be able to achieve such higher rates in negotiating with MVPDs for carriage of its networks and stations and there may be disputes that arise in the future as a result of consolidation in the cable or satellite MVPD industry or for other reasons. One of the significant 2018 renewals was with DISH Network Corporation ("DISH"). As a result of DISH's negotiating positions, the Company had to remove certain of its channels from DISH TV and Sling TV. If the Company is unable to negotiate a new carriage agreement with DISH on acceptable terms, the Company's subscription revenue in future years may be materially adversely affected.

The Company also receives subscription revenue related to fees for its digital content. The Company expects that the portion of subscription revenue attributable to digital MVPDs will increase significantly in the next few years.

Content Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. The Company views the licensing of digital content as a separate revenue category. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the content licensing.

Other Revenue

The Company classifies revenue from contractual commitments (including non-cash advertising and promotional revenue) primarily related to Televisa as Other Revenue. The Company also recognizes other revenue related to support services provided to joint ventures and related to spectrum access in channel sharing arrangements. From time to time the Company enters into transactions involving its spectrum.

Adjusted OIBDA

Adjusted OIBDA represents operating income before depreciation, amortization and certain additional adjustments to operating income. In calculating Adjusted OIBDA the Company's operating income is adjusted for share-based compensation and other non-cash charges, restructuring and severance charges, as well as other non-operating related items. Management primarily uses Adjusted OIBDA or comparable metrics to evaluate the Company's operating performance, for planning and forecasting future business operations. The Company believes that Adjusted OIBDA is used in the broadcast industry by analysts, investors and lenders and serves as a valuable performance assessment metric for investors. For important information about Adjusted OIBDA and a reconciliation of Adjusted OIBDA to income from continuing operations, which is the most directly comparable GAAP financial measure see "Reconciliation of Non-GAAP Measures" and "Notes to Consolidated Financial Statements—20. *Segments*."

Bank Credit Adjusted OIBDA

Bank Credit Adjusted OIBDA represents Adjusted OIBDA with certain additional adjustments permitted under the Company's senior secured credit facilities and the indentures governing the senior notes that adds back and/or deducts, as applicable, specified business optimization expenses, unusual, infrequent items, income (loss) from equity investments in entities, the results of which are consolidated in the Company's operating income (loss), that are not treated as subsidiaries, and from subsidiaries designated as unrestricted subsidiaries, in each case under such credit facilities and indentures, and certain other expenses. Management uses Bank Credit Adjusted OIBDA as a secondary measure to Adjusted OIBDA to evaluate the Company's operating performance, for planning and forecasting future business operations. Management also uses Bank Credit Adjusted OIBDA to assess the Company's ability to satisfy certain financial covenants contained in the Company's senior secured credit facilities and the indentures governing the Company's senior notes; for these purposes Bank Credit Adjusted OIBDA is further adjusted to give effect to the redesignation of unrestricted subsidiaries as restricted subsidiaries for the 12 month period then ended upon such redesignation. For a reconciliation of Bank Credit Adjusted OIBDA to income from continuing operations, see "Reconciliation of Non-GAAP Measures."

The following table provides revenue, Adjusted OIBDA and Bank Credit Adjusted OIBDA (as defined in "How Performance of the Business is Assessed" above) for each of the Company's segments for the periods presented (in thousands). See "Reconciliation of Non-GAAP Measures" for a reconciliation of the non-GAAP terms Adjusted OIBDA and Bank Credit Adjusted OIBDA to income from continuing operations, which is the most directly comparable GAAP financial measure.

	Year Ended December 31,		
	2018	2017	2016
Revenue:			
Media Networks	$ 2,458,500	$ 2,671,700	$ 2,723,000
Radio	255,300	265,600	275,800
Consolidated	$ 2,713,800	$ 2,937,300	$ 2,998,800
Adjusted OIBDA:			
Media Networks	$ 1,038,100	$ 1,322,900	$ 1,342,000
Radio	75,500	86,700	91,900
Corporate	(90,800)	(99,400)	(94,200)
Consolidated	$ 1,022,800	$ 1,310,200	$ 1,339,700
Bank Credit Adjusted OIBDA:			
Media Networks	$ 1,091,900	$ 1,333,500	$ 1,361,900
Radio	77,200	88,200	92,200
Corporate	(74,100)	(86,000)	(79,700)
Consolidated	$ 1,095,000	$ 1,335,700	$ 1,374,400

Recent Developments

Discontinued Operations

As part of an overall strategic review in 2018, the Company initiated a process to sell its English language digital assets including the *Gizmodo Media Group, The Onion* and *Fusion Digital* collectively referred to as the English-language digital assets or businesses. The *Gizmodo Media Group* is comprised principally of *Gizmodo, Deadspin, Lifehacker, Jezebel, Splinter, The Root, Kotaku, Earther and Jalopnik.* In accordance with the applicable accounting guidance for the disposal of long-lived assets and discontinued operations, the results of the English-language digital businesses have been excluded from both continuing operations and operating segments results for all periods presented.

Broadcast Incentive Auction

In July 2017, the Company received approximately $376.0 million in net proceeds by monetizing a portion of its spectrum assets in New York, Chicago and Philadelphia in the Federal Communications Commission ("FCC") broadcast incentive auction and as a result of entering into related channel-sharing arrangements to either provide third party unaffiliated broadcasters with access to the Company's spectrum in certain markets where it did not sell spectrum in the auction, or receive access from third party unaffiliated broadcasters to spectrum in markets in which the Company sold spectrum. During 2017, the Company relinquished its spectrum rights in New York and Chicago and recorded a gain of $153.9 million. During 2018, the Company relinquished its spectrum right in Philadelphia and recorded a gain of $28.2 million. These gains represent the difference between the proceeds received and the carrying value of the related television broadcasting licenses for each market. In those markets in which the Company has relinquished its spectrum rights, the operations of the Company's television stations and networks have not been adversely affected, either as a result of third party channel-sharing agreements or through utilization of other Company assets in the same market.

Other Factors Affecting Results of Operations

Direct Operating Expenses

Direct operating expenses consist primarily of programming costs, including license fees, and technical costs. Programming costs also include sports and other special events, news and other original programming. The Company's license fees increased in 2018 pursuant to contractual increases, and the Company expects its programming costs to increase due to the Company obtaining rights to additional sports and other programming. For 2018 the Company's programming costs for sports rights have increased with added Liga MX and the Union of European Football Association ("UEFA") soccer programming. In addition, the Company expects to continue investing in direct-to-customer platforms. Under the program license agreement as amended in July 2015 effective as of

January 1, 2015 with Televisa (the "Televisa PLA"), the Company paid Televisa royalties, based on 11.84% of substantially all of the Company's Spanish-language media networks revenue through December 2017. Additionally, Televisa received an incremental 2% in royalty payments on any of such media networks revenue above a contractual revenue base of $1.66 billion. Starting January 1, 2018, the royalty payments to Televisa increased to 16.13%, and commencing in June 2018, the rate further increased to 16.45% until the expiration of the Televisa PLA. Additionally, Televisa will receive an incremental 2% in royalty payments (with the revenue base having decreased to $1.63 billion with the second rate increase).

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries and benefits for the Company's sales, marketing, management and administrative personnel, selling, research, promotions, professional fees and other general and administrative expenses.

Restructuring, Severance and Related Charges

The Company incurs restructuring, severance and related charges, primarily in connection with restructuring activities that the Company has undertaken from time to time as part of broader-based cost-saving initiatives as well as initiatives to improve performance, collaboration and operational efficiencies across its local media platforms and the digital platforms in the Spanish-language Media Networks segment and initiatives to rationalize costs. These charges include employee termination benefits and severance charges, as well as expenses related to consolidating offices and other contract terminations, including programming contract terminations. Future charges from additional activities associated with restructuring activities could extend into 2020. These charges cannot be estimated but are not expected to be material. See "Notes to Consolidated Financial Statements—6. *Accounts Payable and Accrued Liabilities*" for information related to restructuring and severance activities.

Impairment Loss

The Company tests the value of intangible assets for impairment annually, or more frequently if circumstances indicate that a possible impairment exists. Intangible assets include primarily goodwill, television and radio broadcast licenses, tradenames and programming rights under various agreements. The Company records any non-cash write-down of the value of intangible assets as an impairment loss. See "Notes to Consolidated Financial Statements—4. *Goodwill and Other Intangible Assets.*"

Interest Rate Swaps

For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge components excluded from the assessment of effectiveness are recognized in current earnings through "Other." For derivative instruments not designated as hedging instruments, the derivative is marked to market with the change in fair value recorded directly in earnings. See "Notes to Consolidated Financial Statements—14. *Interest Rate Swaps.*"

Refinancing Transactions

The Company has concluded a number of debt refinancing transactions over the last few years. In connection with the Company's debt refinancing transactions, to the extent that the transaction qualifies as a debt extinguishment, the Company writes-off any unamortized deferred financing costs or unamortized discounts or premiums related to the extinguished debt instruments. These charges are included in the loss on extinguishment of debt in the periods in which the debt refinancing transactions occur. See "Notes to Consolidated Financial Statements—13. *Debt.*"

Share-based Compensation Expense

The Company recognizes non-cash share-based compensation expense related to equity-based awards issued by Univision Holdings, Inc. ("UHI") to the Company's employees. See "Notes to Consolidated Financial Statements—17. *Shared-Based Compensation."*

Provision (Benefit) for Income Tax

The Company's annual effective tax rate is impacted by a number of factors, including permanent tax differences, discrete items and state and local taxes. The Company's annual effective tax rate was approximately 26% in 2018 which includes permanent tax differences, discrete items, and the reduction in the U.S. corporate tax rate beginning January 1, 2018, arising from the Tax Cuts and Jobs Act of 2017, partially offset by the impact of state and local taxes. The Company is part of a consolidated group with UHI for federal tax purposes, and the availability of loss carryforwards to limit federal tax payments by the Company is evaluated at the group

level. As of December 31, 2018, the Company has approximately $740.5 million in net operating loss carryforwards at the UHI level, of which approximately $383.2 million have been generated by Univision Communications Inc. and subsidiaries. The Company anticipates its annual effective tax rate to be approximately 24% in 2019. See "Notes to Consolidated Financial Statements—16. *Income Taxes*."

Other

The Company measures equity investments which are not accounted for under the equity method and that have readily determinable fair values at fair value, with changes in fair value recognized in earnings.

Results of Operations

Overview

The following table sets forth the Company's consolidated statement of operations for the periods presented (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Revenue	$ 2,713,800	$ 2,937,300	$ 2,998,800
Direct operating expenses:			
Programming excluding variable program license fee	580,800	601,100	614,400
Variable program license fee	366,000	290,500	300,500
Other	83,900	86,700	82,900
Total	1,030,700	978,300	997,800
Selling, general and administrative expenses	681,000	686,900	683,800
Impairment loss	143,400	88,900	204,500
Restructuring, severance and related charges	104,800	52,300	27,500
Depreciation and amortization	166,300	180,400	180,400
Gain on sale of assets, net	(23,300)	(183,300)	—
Operating income	610,900	1,133,800	904,800
Other expense (income):			
Interest expense	391,200	422,700	493,900
Interest income	(12,900)	(12,000)	(11,000)
Amortization of deferred financing costs	7,600	10,100	15,800
Loss on extinguishment of debt	—	41,500	26,500
Other	22,700	7,900	30,000
Income before income taxes	202,300	663,600	349,600
Provision (benefit) for income taxes	52,600	(8,900)	120,400
Income from continuing operations	149,700	672,500	229,200
Loss from discontinued operations, net of income taxes	(148,900)	(24,200)	(13,500)
Net income	800	648,300	215,700
Net loss attributable to noncontrolling interests	(4,000)	(6,600)	(3,200)
Net income attributable to Univision Communications Inc. and subsidiaries	$ 4,800	$ 654,900	$ 218,900

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

In comparing the Company's results of operations for the year ended December 31, 2018 ("2018") with that ended December 31, 2017 ("2017"), in addition to the factors referenced above affecting the Company's results, the following should be noted:

- In 2018, the Company recorded a non-cash impairment loss of $143.4 million, including $92.1 million related to the write down of broadcast licenses in the Radio Segment and $51.3 million primarily related to the write-down of program rights. In 2017, the Company recorded a non-cash impairment loss of $88.9 million, including $71.5 million related to the write down of broadcast licenses and $6.6 million related to the write-down of a tradename in the Radio segment and $10.5 million related to the write-down of program rights and $0.3 million related to the write-down of property held for sale.

- In 2018 and 2017, the Company recorded $104.8 million and $52.3 million, respectively, in restructuring, severance and related charges. These charges relate to restructuring and severance arrangements with employees and executives, as well as costs related to consolidating offices and other contract terminations in 2018 and 2017.

- During the year ended December 31, 2018, subscriber revenues were reduced by an estimated revenue adjustment of $65.1 million from a contractual obligation in 2018 which is not expected to impact revenue in 2019. This adjustment resulted in an associated reduction in operating expenses of $12.0 million related to a decrease in our variable program license fees.

- In 2018, the Company recorded a gain on sale of assets, net of $23.3 million which included a gain of $28.2 million related to the Company's completion of its transition plans in monetizing a portion of its spectrum assets in Philadelphia in the FCC's broadcast incentive auction, gains on real estate disposals, partially offset by losses related to the disposal of fixed assets and facility reorganizations The gain of $28.2 million represents the difference between the proceeds received and the carrying value of the related television broadcasting licenses which is treated as having been sold for accounting purposes as a result of the sale of the related spectrum assets. During the year ended December 31, 2017, the Company recorded a gain on sale of assets, net of $183.3 million which primarily includes a gain of $153.9 million related to the sale of a portion of the spectrum assets in the FCC's broadcast incentive auction, a gain of $16.6 million on the resolution of contingent consideration associated with a broadcast television station sale in 2014, and a gain of $14.3 million on the sale of land, partially offset by loss from the sale of radio broadcast licenses.

- In 2018, the Company recognized Other Expense of $22.7 million due to a $39.7 million change in fair value of the Company's investment in Entravision Communications Corporation ("Entravision"), partially offset by equity income of $8.3 million primarily related to its share of net income from El Rey Holdings, LLC ("El Rey") and other primarily investment gain of $8.7 million. In 2017, the Company recognized $7.9 million of other expense, primarily due to $7.1 million of equity loss from El Rey.

- In 2017, the Company had revenue and expenses that did not occur in 2018 associated with the airing of the Gold Cup soccer tournament. In 2017, the Company had consolidated estimated incremental Gold Cup advertising revenue of $26.7 million and consolidated estimated Gold Cup operating expenses of $31.2 million.

- In 2017, the Company recorded a loss on extinguishment of debt of $41.5 million as a result of refinancing the Company's debt. Loss on extinguishment of debt includes premiums, fees, the write-off of unamortized deferred financing costs and the write-off of any unamortized discount and premium related to instruments that were repaid.

- In 2017, the Company recorded a benefit of $243.9 million associated with the remeasurement of its net deferred tax liability based on a reduction of the federal corporate tax rate from 35% to 21% and other charges resulting from the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

Revenue. Consolidated revenue was $2,713.8 million in 2018 compared to $2,937.3 million in 2017, a decrease of $223.5 million or 7.6%. Media Networks revenue was $2,458.5 million in 2018 compared to $2671.7 million in 2017, a decrease of $213.2 million or 8.0%. Radio revenue was $255.3 million in 2018 compared to $265.6 million in 2017, a decrease of $10.3 million or 3.9%. Consolidated advertising revenue was $1,549.7 million in 2018 compared to $1,709.8 million in 2017, a decrease of $160.1 million or 9.4%. Consolidated non-advertising revenue was $1,164.1 million in 2018 compared to $1,227.5 million in 2017, a decrease of $63.4 million or 5.2%.

Media Networks advertising revenue in 2018 decreased 10.8% to $1,308.6 million compared to $1,467.2 million for the prior period. Media Networks advertising revenue for the television platform was $1,237.7 million in 2018 compared to $1,396.2 million in 2017, a decrease of $158.5 million, or 11.4% primarily caused by viewership declines arising from the impact of a lapse in a distributor's carriage agreement, shifts in advertising spending due to the World Cup soccer tournament and reduced advertising spending mainly in the automotive, telecommunications, and retail sectors partially offset by increases in scatter advertising pricing and volume. Media Networks advertising revenue for the television platform in 2018 was reduced for the non-cash impact of audience guarantees from viewership declines. These audience guarantees are expected to be fulfilled in subsequent periods. Media Networks advertising revenue for the digital platform was $70.9 million in 2018 compared to $71.0 million in 2017. Media Networks advertising revenue in 2018 and 2017 included political/advocacy advertising revenue of $50.4 million and $31.1 million, respectively. Media Networks advertising revenue for the television platforms in 2018 and 2017 included political/advocacy revenue of $46.8 million and $28.2 million, respectively, an increase of $18.6 million. Media Networks advertising revenue for the digital platform was $70.9 million in 2018 compared to $71.0 million in 2017. Media Networks advertising revenue for the digital platforms in 2018 and 2017 included political/advocacy revenue of $3.6 million and $2.9 million, respectively. Media Networks advertising revenue in 2017 included estimated incremental Gold Cup soccer tournament advertising revenue of $26.7 million comprised of $24.7 million in the television platform and $2.0 million in the digital platform.

Media Networks non-advertising revenue (which is comprised of subscriber fee revenue, content licensing revenue and other revenue which is primarily contractual revenue, "other revenue") was $1,149.9 million in 2018 compared to $1,204.5 million for the prior period, a decrease of $54.6 million or 4.5%. Subscriber fee revenue was $987.1 million in 2018 compared to $1,043.2 million for the prior period, a decrease of $56.1 million, or 5.4% primarily due to the lapse of a distributor's carriage agreement and an estimated revenue adjustment from a contractual obligation which is not expected to impact revenues in 2019 partially offset by the timing of certain distribution agreement renewals and contractual rate increases. Content licensing revenue was $36.5 million in 2018 compared to $28.5 million for the prior period, an increase of $8.0 million primarily due to the timing of revenue recognition of certain content licensing agreements. Other revenue was $126.3 million in 2018 compared to $132.8 million for the prior period, a decrease of $6.5 million.

Radio advertising revenue was $241.1 million in 2018 compared to $242.6 million in 2017, a decrease of $1.5 million or 0.6%. Advertising revenue in 2018 and 2017 included political/advocacy advertising revenue of $17.8 million and $11.9 million, respectively. Non-advertising revenue in the Radio segment, primarily contractual revenue, decreased to $14.2 million in 2018 from $23.0 million in 2017. Other revenue in 2017 included the recognition of $11.8 million related to an intellectual property license.

Direct operating expenses – programming. Programming expenses, which exclude variable program license fees (see below), decreased to $580.8 million in 2018 compared to $601.1 million in 2017. As a percentage of revenue, programming expenses increased to 21.4% in 2018 from 20.5% in 2017. Media Networks segment programming expenses were $535.3 million in 2018 compared to $554.9 million in 2017, a decrease of $19.6 million or 3.5% primarily due to the 2017 costs of the Gold cup soccer tournament of $27.5 million and a net decrease in entertainment and news programming of $50.4 million partially offset by an increase in 2018 in other sports programming of $58.3 million, primarily as a result of the newly acquired UEFA rights and an increased number in Liga MX matches. Radio segment programming expenses was essentially flat at $45.5 million in 2018 compared to $46.2 million in 2017.

Direct operating expenses – variable program license fees. Under the Televisa PLA, the Company pays a percentage of substantially all of its Spanish-language media networks revenue to Televisa. Beginning January 1, 2018, the base royalty rate increased to 16.13%, and on June 1, 2018, the rate increased to 16.45%. The variable program license fees recorded in the Media Networks segment increased to $366.0 million in 2018 from $290.5 million in 2017, an increase of $75.5 million or 26.0% primarily as a result of an increase in the program license fee rate. On a consolidated basis, as a percentage of revenue, variable program license fees were 13.5% in 2018 and 9.9% in 2017. Assuming that the 2018 contractual Televisa PLA base rates were in effect for the same relevant periods as in 2018, variable program license fees would have decreased $43.7 million or 10.7% from the prior year attributable to reduced revenue.

Direct operating expenses – other. Other direct operating expenses decreased to $83.9 million in 2018 from $86.7 million in 2017, a decrease of $2.8 million or 3.2%, primarily due to a decrease in technical costs. As a percentage of revenue, other direct operating expenses increased to 3.1% in 2018 from 3.0% in 2017. Media Networks segment other direct operating expenses were $71.0 million in 2018 compared to $73.1 million in 2017, a decrease of $2.1 million or 2.9%. Radio segment other direct operating expenses were $12.9 million in 2018 compared to $13.6 million in 2017, a decrease of $0.7 million.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased to $681.0 million in 2018 from $686.9 million in 2017, a decrease of $5.9 million or 0.9%. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 25.1% in 2018 from 23.4% in 2017. On a consolidated basis, selling, general and administrative expenses were lower primarily due to the Company's lower business and professional services as well as lower employee-related costs. Media Networks segment selling, general and administrative expenses increased to $456.0 million in 2018 compared to $440.9 million in 2017, an increase of $15.1 million or 3.4%. Radio segment selling, general and administrative expenses were $122.8 million in 2018 compared to $120.1 million in 2017, an increase of $2.7 million or 2.2%. Corporate selling, general and administrative expenses were $102.2 million in 2018 compared to $125.9 million in 2017, a decrease of $23.7 million or 18.8%.

Impairment loss. In 2018, the Company recorded a non-cash impairment loss of $143.4 million which includes $92.1 million in the Radio segment and $51.2 million in the Media Networks segment and $0.1 million in Corporate. In the Radio segment, the Company recorded impairment related to the write-down of broadcast licenses. In the Media Networks segment, the Company recorded impairment related to the write-down of program rights. In 2017, the Company recorded a non-cash impairment loss of $88.9 million which includes $78.1 million in the Radio segment and $10.8 in the Media Networks segment. In the Radio segment, the Company recorded $71.5 million related to the write-down of broadcast licenses and $6.6 million related to the write-down of a trade name. In the Media Networks segment, the Company recorded $10.5 million related to the write-down of program rights and $0.3 million related to the write-down of property held for sale.

Restructuring, severance and related charges. In 2018, the Company incurred restructuring, severance and related charges of $104.8 million. The Company recorded $50.1 million in Media Networks, $4.4 million in Radio and $50.3 million in Corporate. The Company's restructuring, severance and related charges is comprised of $70.8 million of employee termination charges and $34.0 million of facility and contract termination charges. In 2017, the Company incurred restructuring, severance and related charges of $52.3 million. This amount includes a charge of $27.1 million from the termination of a contract that included receiving programming from a third party, $20.0 million related to restructuring activities and $5.2 million related to severance charges for individual employees. The severance charge of $5.2 million is primarily related to severance arrangements with Corporate employees and Media Networks employees. The restructuring charge of $20.0 million consists of $12.1 million in the Media Networks segment related to employee termination benefits, $5.1 million mainly related to Corporate employee termination benefits, and $2.8 million in the Radio segment related to employee termination benefits. See "Notes to Consolidated Financial Statements—6. *Accounts Payable and Accrued Liabilities*."

Depreciation and amortization. Depreciation and amortization decreased to $166.3 million in 2018 from $180.4 million in 2017, a decrease of $14.1 million or 7.8%. The Company's depreciation expense decreased to $112.3 million in 2018 from $126.5 million in 2017, a decrease of $14.2 million, primarily related to certain assets becoming fully depreciated. The Company had amortization of intangible assets of $54.0 million in 2018 and $53.9 million in 2017. Depreciation and amortization expense for the Media Networks segment decreased by $10.8 million to $135.5 million in 2018 compared to $146.3 million in 2017. Depreciation and amortization expense for the Radio segment decreased by $1.3 million to $6.7 million in 2018 compared to $8.0 million in 2017. Corporate depreciation decreased by $2.0 million to $24.1 million in 2018 compared to $26.1 million in 2017.

Gain on sale of assets, net. In 2018, the Company recorded a gain on sale of assets, net of $23.3 million which primarily relates to a gain of $28.2 million related to the Company relinquishing certain spectrum rights in Philadelphia, gains on real estate disposals, partially offset by losses associated with facility reorganizations and other asset disposals. In 2017, the Company recorded a gain on sale of assets, net of $183.3 million which primarily includes a gain of $153.9 million related to the sale of a portion of its spectrum assets in the FCC's broadcast incentive auction, a gain of $16.6 million on the resolution of contingent consideration associated with a broadcast television station sale in 2014, and a gain of $14.3 million on the sale of land partially offset from a loss from the sale of radio broadcast licenses.

Operating income. As a result of the factors discussed above and in the results of operations overview, the Company had operating income of $610.9 million in 2018 and $1,133.8 million in 2017, a decrease of $522.9 million. The Media Networks segment had operating income of $820.5 million in 2018 and $1,299.2 million in 2017, a decrease of $478.7 million. The Radio segment had an operating loss of $29.7 million in 2018 and $3.2 million in 2017, an increase in operating loss of $26.5 million. Corporate operating loss was $179.9 million in 2018 and $162.2 million in 2017, an increase in operating loss of $17.7 million. The impact of an estimated revenue adjustment from a contractual obligation which is not expected to impact revenues in 2019 contributed a loss of $65.1 million. The impact of revenue recognition related to certain content/intellectual property licensing agreements contributed $29.9 million in 2018 and $36.0 million in 2017. The impact of political/advocacy advertising contributed $55.4 million in 2018 and $36.0 million in 2017. In 2017, the estimated incremental impact of the Gold Cup soccer tournament contributed a loss of $4.5 million.

Interest expense. Interest expense decreased to $391.2 million in 2018 from $422.7 million in 2017, a decrease of $31.5 million. The decrease is primarily due to lower interest expense on the senior notes as a result of the partial redemption of the Company's 6.75% senior notes due 2022 in 2017. See "Notes to Consolidated Financial Statements—13. *Debt* and —14. *Interest Rate Swaps.*"

Interest income. In 2018 and 2017, the Company recorded interest income of $12.9 million and $12.0 million, respectively, an increase of $0.9 million, primarily related to investments in convertible debt with El Rey Holdings LLC ("El Rey").

Amortization of deferred financing costs. Amortization of deferred financing costs was $7.6 million in 2018 and $10.1 million in 2017. See "Notes to Consolidated Financial Statements—13. *Debt.*"

Loss on extinguishment of debt. In 2017, the Company recorded a loss on extinguishment of debt of $41.5 million as a result of refinancing the Company's debt. See "Notes to Consolidated Financial Statements—13. *Debt."*

Other. In 2018, the Company recognized Other Expense of $22.7 million due to a $39.7 million change in fair value of the Company's investment in Entravision, partially offset by equity income of $8.3 million primarily related to its share of net income from El Rey and other primarily investment gain of $8.7 million. In 2017, the Company recognized $7.9 million of other expense, primarily due to $7.1 million of equity loss from El Rey.

Provision (benefit) for income taxes. In 2018, the Company reported an income tax provision of $52.6 million. In 2017, the Company reported an income tax benefit of $8.9 million. The Company's annual effective tax rate as of December 31, 2018 was approximately 26.0%, which differs from the statutory rate primarily due to permanent tax differences and discrete items, partially offset by the impact of state and local taxes. In 2017, the Company recorded a benefit of $243.9 million associated with the remeasurement of its net deferred tax liability based on a reduction of the federal corporate tax rate from 35% to 21% and other

charges resulting from the enactment of the Tax Cuts and Jobs Act on December 22, 2017. The Company's annual effective tax rate as of December 31, 2017 was approximately (1.3%), which differs from the statutory tax rate primarily due to provisions from the Tax Cuts and Jobs Act of 2017 as well as permanent tax differences and discrete items, partially offset by the impact of state and local taxes. The Company is part of a consolidated group with UHI for federal tax purposes, and the availability of loss carryforwards to limit federal tax payments by the Company is evaluated at the group level. As of December 31, 2018, the Company has approximately $740.5 million in net operating loss carryforwards at the UHI level, of which approximately $383.2 million have been generated by Univision Communications Inc. and subsidiaries. See "Notes to Consolidated Financial Statements—16. *Income Taxes."*

Income from continuing operations. As a result of the above factors, the Company reported income from continuing operations of $149.7 million and $672.5 million in 2018 and 2017, respectively.

Loss from discontinued operations. The Company reported loss from discontinued operations of $148.9 million and $24.2 million in 2018 and 2017, respectively. The increase in the loss from discontinued operations is primarily due to impairments of associated goodwill, intangible assets and property and equipment, net of $175.3 million, net of tax.

Net loss attributable to noncontrolling interests. In 2018 and 2017, the Company reported net loss attributable to noncontrolling interests of $4.0 million and $6.6 million, respectively.

Net income attributable to Univision Communications Inc. and subsidiaries. The Company reported net income attributable to Univision Communications Inc. and subsidiaries of $4.8 million and $654.9 million in 2018 and 2017, respectively.

Adjusted OIBDA and Bank Credit Adjusted OIBDA. Adjusted OIBDA decreased to $1,022.8 million in 2018 from $1,310.2 million in 2017, a decrease of $287.4 million or 21.9% and Bank Credit Adjusted OIBDA decreased to $1,095.0 million in 2018 from $1,335.7 million in 2017, a decrease of $240.7 million or 18.0%. The decrease results from the factors discussed in the "Overview" above and the other factors noted above. On a consolidated basis, as a percentage of revenue, the Company's Adjusted OIBDA decreased to 37.7% in 2018 from 44.6% in 2017 and Bank Credit Adjusted OIBDA decreased to 40.3% in 2018 from 45.5% in 2017. In 2018, the impact of an estimated revenue adjustment from a contractual obligation which is not expected to impact revenues in 2019 contributed a loss of $53.1 million. The impact of revenue recognition related to certain content/intellectual property licensing agreements contributed $29.9 million in 2018 and $36.0 million in 2017, primarily due to the timing of revenue recognition of certain licensing agreements. The impact of political/advocacy advertising contributed $55.4 million in 2018 and $36.0 million in 2017. In 2017, the estimated incremental impact of the Gold Cup soccer tournament contributed a loss of $4.5 million. For a reconciliation of Adjusted OIBDA and Bank Credit Adjusted OIBDA to income from continuing operations, which is the most directly comparable GAAP financial measure, see "Reconciliation of Non-GAAP Measures" below.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

In comparing the Company's results of operations for the year ended December 31, 2017 ("2017") with that ended December 31, 2016 ("2016"), in addition to the factors referenced above affecting the Company's results, the following should be noted:

- In 2017, the Company recorded a gain on sale of assets, net of $183.3 million which primarily includes a gain of $153.9 million related to the sale of a portion of the spectrum assets in the FCC's broadcast incentive auction, a gain of $16.6 million on the resolution of contingent consideration associated with a broadcast television station sale in 2014, and a gain of $14.3 million on the sale of land. No gain on sale of assets, net was recorded during the year ended December 31, 2016.

- In 2017, the Company recorded a non-cash impairment loss of $88.9 million which includes $78.1 million in the Radio segment and $10.8 in the Media Networks segment. In the Radio segment, the Company recorded $71.5 million related to the write-down of broadcast licenses and $6.6 million related to the write-down of a trade name. In the Media Networks segment, the Company recorded $10.5 million related to the write-down of program rights and $0.3 million related to the write-down of property held for sale. In 2016, the Company recorded a non-cash impairment loss of $204.5 million, which includes $194.7 million in the Radio segment and $9.8 million in the Media Networks segment. In the Radio segment, the Company recorded $192.6 million related to the write-down of broadcast licenses and $2.1 million related to the write-down of a trade name. In the Media Networks segment, the Company recorded $7.4 million related to the write-down of program rights and $2.4 million related to the write-down of property held for sale.

- In 2017 and 2016, the Company recorded $52.3 million and $27.5 million, respectively, in restructuring, severance and related charges. These charges relate to restructuring and severance arrangements with employees and executives, as well as costs related to consolidating offices and other contract terminations in 2017 and 2016.

- In 2017, the Company had revenue and expenses that did not occur in 2016 associated with the airing of the Gold Cup soccer tournament. In 2017, the Company had consolidated estimated incremental Gold Cup advertising revenue of $26.7 million and consolidated estimated Gold Cup operating expenses of $31.2 million. In 2017, the estimated incremental impact of the Gold Cup soccer tournament was a loss of $4.5 million, in operating income, Adjusted OIBDA and Bank Credit Adjusted OIBDA.

- In 2016, the Company had revenue and expenses that did not recur in 2017 associated with the airing of the Copa America Centenario soccer tournament. In 2016, the Company had consolidated estimated incremental Copa America Centenario advertising revenue of $66.7 million and consolidated estimated Copa America Centenario operating expenses of $86.0 million. In 2016, the estimated incremental impact of the Copa America Centenario soccer tournament was a loss of $19.3 million, in operating income, Adjusted OIBDA and Bank Credit Adjusted OIBDA.

- In 2017, the Company recorded a loss on extinguishment of debt of $41.5 million as a result of refinancing the Company's debt. In 2016, the Company recorded a loss on extinguishment of debt of $26.5 million as a result of the partial redemption of its 8.5% senior notes due 2021. Loss on extinguishment of debt includes premiums, fees, the write-off of unamortized deferred financing costs and the write-off of any unamortized discount and premium related to instruments that were repaid.

- In 2017, the Company recorded a benefit of $243.9 million associated with the remeasurement of its net deferred tax liability based on a reduction of the federal corporate tax rate from 35% to 21% and other charges resulting from the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

Revenue. Revenue was $2,937.3 million in 2017 compared to $2,998.8 million in 2016, a decrease of $61.5 million or 2.1%, which reflects a decrease of 1.9% in the Media Networks segment and a decrease of 3.7% in the Radio segment.

Advertising revenue was $1,709.8 million in 2017 compared to $1,973.1 million in 2016, a decrease of $263.3 million or 13.3%, primarily driven by weak scatter volume, the calendarization of 2017/2018 broadcast upfront orders compared to the 2016/2017 upfront orders, softness in the Company's local media businesses and the lower impact of major soccer and political/advocacy in 2017. Advertising revenue in 2017 included estimated incremental Gold Cup soccer tournament advertising revenue of $26.7 million. Advertising revenue in 2016 included estimated incremental Copa America Centenario soccer tournament advertising revenue of $66.7 million. Advertising revenue in 2017 and 2016 included political/advocacy revenue of $43.0 million and $57.9 million, respectively.

Non-advertising revenue (which is primarily comprised of subscriber fee revenue, content/intellectual property licensing revenue and other revenue which is primarily contractual revenue "other revenue") was $1,227.5 million in 2017 compared to $1,025.7 million in 2016, an increase of $201.8 million or 19.7%. Subscriber fee revenue was $1,043.2 million in 2017 compared to $809.1 million in 2016, an increase of $234.1 million or 28.9%, primarily due to distribution agreement renewals and contractual rate increases. Content/intellectual property licensing revenue was $40.3 million in 2017 compared to $63.8 million in 2016, a decrease of $23.5 million primarily due to the timing of revenue recognition of certain licensing agreements. Other revenue was $144.0 million in 2017 compared to $133.1 million in 2016, an increase of $10.9 million or 8.2%.

Media Networks segment revenue was $2,671.7 million in 2017 compared to $2,723.0 million in 2016, a decrease of $51.3 million or 1.9%. Media Networks segment advertising revenue was $1,467.2 million in 2017 as compared to $1,710.4 million in 2016, a decrease of $243.2 million or 14.2%, primarily driven by weak scatter volume, the calendarization of 2017/2018 broadcast upfront orders compared to the 2016/2017 upfront orders, softness in the Company's local television businesses and the lower impact of major soccer and political/advocacy in 2017. Advertising revenue in 2017 included estimated incremental Gold Cup soccer tournament advertising revenue of $26.7 million. Advertising revenue in 2016 included estimated incremental revenue generated by the Copa America Centenario soccer tournament of $66.7 million. Media Networks segment advertising revenue in 2017 and 2016 included political/advocacy advertising revenue of $31.1 million and $44.3 million, respectively. Media Networks segment advertising revenue for the television platforms was $1,396.2 million in 2017 compared to $1,628.0 million in 2016, a decrease of $231.8 million or 14.2%, primarily driven by weak scatter volume, the calendarization of 2017/2018 broadcast upfront orders compared to the 2016/2017 upfront, softness in the Company's local television businesses and the lower impact of major soccer and political/advocacy in 2017. Media Networks segment advertising revenue for the television platforms in 2017 and 2016 included political/advocacy revenue of $28.2 million and $39.4 million, respectively, a decrease of $11.2 million. Media Networks segment advertising revenue for the digital platforms was $71.0 million in 2017 compared to $82.4 million in 2016, a decrease of $11.4 million or 13.8%. Media Networks segment advertising revenue for the digital platforms in 2017 and 2016 included political/advocacy revenue of $2.9 million, and $4.9 million, respectively.

Media Networks segment non-advertising revenue (which is primarily comprised of subscriber fee revenue, content licensing revenue and other revenue) was $1,204.5 million in 2017 compared to $1,012.6 million in 2016, an increase of $191.9 million or 19.0%. Subscriber fee revenue was $1,043.2 million in 2017 compared to $809.1 million in 2016, an increase of $234.1 million or

28.9%, primarily due to distribution agreement renewals and contractual rate increases. Content/intellectual property licensing revenue was $28.5 million in 2017 compared to $63.8 million in 2016, a decrease of $35.3 million primarily due to the timing of revenue recognition of certain licensing agreements. Other revenue was $132.8 million in 2017 compared to $120.0 million in 2016, an increase of $12.8 million.

Radio segment revenue was $265.6 million in 2017 compared to $275.8 million in 2016, a decrease of $10.2 million or 3.7%. Advertising revenue was $242.6 million in 2017 compared to $262.7 million in 2016, a decrease of $20.1 million or 7.7%. Advertising revenue in 2017 and 2016 included political/advocacy advertising revenue of $11.9 million and $13.6 million, respectively. Non-advertising revenue in the Radio segment, primarily contractual revenue increased to $23.0 million in 2017 from $13.1 million in 2016. Other revenue in 2017 included the recognition of $11.8 million related to an intellectual property license.

Direct operating expenses – programming. Programming expenses, which exclude variable program license fees (see below), decreased to $601.1 million in 2017 compared to $614.4 million in 2016, a decrease of $13.3 million or 2.2%. As a percentage of revenue, programming expenses remained flat at 20.5% in both 2017 and 2016. Media Networks segment programming expenses were $554.9 million in 2017 compared to $567.7 million in 2016, a decrease of $12.8 million or 2.3%. The decrease was primarily driven by a decrease in sports programming of $21.2 million, partially offset by an overall increase in other programming of approximately $8.4 million. Radio segment programming expenses was essentially flat at $46.2 million in 2017 compared to $46.7 million in 2016.

Direct operating expenses – variable program license fees. The variable program license fees recorded in the Media Networks segment decreased to $290.5 million in 2017 from $300.5 million in 2016, a decrease of $10.0 million or 3.3% primarily as a result of a decrease in revenue. On a consolidated basis, as a percentage of revenue, variable program license fees were 9.9% in 2017 and 10.0% in 2016.

Direct operating expenses – other. Other direct operating expenses increased to $86.7 million in 2017 from $82.9 million in 2016, an increase of $3.8 million or 4.6%. As a percentage of revenue, other direct operating expenses increased to 3.0% in 2017 from 2.8% in 2016. Media Networks segment other direct operating expenses were $73.1 million in 2017 compared to $68.2 million in 2016, an increase of $4.9 million or 7.2%. Radio segment other direct operating expenses were $13.6 million in 2017 compared to $14.7 million in 2016, a decrease of $1.1 million.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to $686.9 million in 2017 from $683.8 million in 2016, an increase of $3.1 million or 0.5%. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 23.4% in 2017 from 22.8% in 2016. Media Networks segment selling, general and administrative expenses decreased to $440.9 million in 2017 compared to $454.6 million in 2016, a decrease of $13.7 million or 3.0%. Radio segment selling, general and administrative expenses were $120.1 million in 2017 compared to $123.0 million in 2016, a decrease of $2.9 million or 2.4%. Corporate selling, general and administrative expenses were $125.9 million in 2017 compared to $106.2 million in 2016, an increase of $19.7 million or 18.5%.

Impairment loss. In 2017, the Company recorded a non-cash impairment loss of $88.9 million which includes $78.1 million in the Radio segment and $10.8 in the Media Networks segment. In the Radio segment, the Company recorded $71.5 million related to the write-down of broadcast licenses and $6.6 million related to the write-down of a trade name. In the Media Networks segment, the Company recorded $10.5 million related to the write-down of program rights and $0.3 million related to the write-down of property held for sale. In 2016, the Company recorded a non-cash impairment loss of $204.5 million which includes $194.7 million in the Radio segment and $9.8 million in the Media Networks segment. In the Radio segment, the Company recorded $192.6 million related to the write-down of broadcast licenses and $2.1 million related to the write-down of a trade name. The write-downs of broadcast licenses and a trade name in the Radio segment are based on a review of market conditions and management's assessment of long-term growth rates. In the Media Networks segment, the Company recorded $7.4 million related to write-down of program rights and $2.4 million related to the write-down of property held for sale.

Restructuring, severance and related charges. In 2017, the Company incurred restructuring, severance and related charges of $52.3 million. This amount includes a charge of $27.1 million from the termination of a contract that included receiving programming from a third party, $20.0 million related to restructuring activities and $5.2 million related to severance charges for individual employees. The severance charge of $5.2 million is primarily related to severance arrangements with Corporate employees. The restructuring charge of $20.0 million consists of $12.1 million in the Media Networks segment related to employee termination benefits, $5.1 million mainly related to Corporate employee termination benefits, and $2.8 million in the Radio segment related to employee termination benefits. In 2016, the Company incurred restructuring, severance and related charges of $27.5 million. This amount includes a $15.9 million charge related to restructuring initiatives and $11.6 million related to severance charges. The severance charge includes $10.7 million related to severance arrangements with Corporate employees and $0.9 million in the Media Networks segment. The restructuring charge of $15.9 million consists of a $12.8 million charge in the Media Networks segment, that consists of $11.9 million related to employee termination benefits and $0.9 million related to consolidating offices and other

contractual terminations, a $2.1 million charge in the Radio segment mainly related to employee termination benefits, and $1.0 million of Corporate expenses. See "Notes to Consolidated Financial Statements—6. *Accounts Payable and Accrued Liabilities*."

Depreciation and amortization. Depreciation and amortization remained flat at $180.4 million in 2017 and 2016. The Company's depreciation expense remained flat at $126.5 million in 2017 and 2016. The Company had amortization of intangible assets of $53.9 million in both 2017 and 2016. Depreciation and amortization expense for the Media Networks segment increased by $1.7 million to $146.3 million in 2017 compared to $144.6 million in 2016. Depreciation and amortization expense for the Radio segment decreased by $1.8 million to $8.0 million in 2017 compared to $9.8 million in 2016. Corporate depreciation increased by $0.1 million to $26.1 million in 2017 compared to $26.0 million in 2016.

Gain on sale of assets, net. In 2017, the Company recorded a gain on sale of assets, net of $183.3 million which primarily includes a gain of $153.9 million related to the sale of a portion of its spectrum assets in the FCC's broadcast incentive auction, a gain of $16.6 million on the resolution of contingent consideration associated with a broadcast television station sale in 2014, and a gain of $14.3 million on the sale of land.

Operating income. As a result of the factors discussed above and in the results of operations overview, the Company had operating income of $1,133.8 million in 2017 and $904.8 million in 2016, an increase of $229.0 million. The Media Networks segment had operating income of $1,299.2 million in 2017 and $1,163.9 million in 2016, an increase of $135.3 million. The Radio segment had an operating loss of $3.2 million in 2017 and $115.2 million in 2016, a decrease in operating loss of $112.0 million. Corporate operating loss was $162.2 million in 2017 and $143.9 million in 2016, an increase in operating loss of $18.3 million. The impact of revenue recognition related to certain content/intellectual property licensing agreements contributed $36.0 million in 2017 and $54.7 million in 2016. The impact of political/advocacy advertising contributed $36.0 million in 2017 and $48.2 million in 2016. In 2017, the estimated incremental impact of the Gold Cup soccer tournament contributed a loss of $4.5 million. In 2016, the estimated incremental impact of the Copa America Centenario soccer tournament contributed a loss of $19.3 million.

Interest expense. Interest expense decreased to $422.7 million in 2017 from $493.9 million in 2016, a decrease of $71.2 million. The decrease is primarily due to lower interest expense on the senior notes as a result of the redemption of the Company's 8.5% senior notes due 2021 in 2016 and the 6.75% senior notes due 2022 in 2017. See "Notes to Consolidated Financial Statements—13. *Debt* and —14. *Interest Rate Swaps.*"

Interest income. In 2017 and 2016, the Company recorded interest income of $12.0 million and $11.0 million, respectively, an increase of $1.0 million, primarily related to investments in convertible debt with El Rey Holdings LLC ("El Rey").

Amortization of deferred financing costs. Amortization of deferred financing costs was $10.1 million in 2017 and $15.8 million in 2016. See "Notes to Consolidated Financial Statements—13. *Debt.*"

Loss on extinguishment of debt. In 2017 and 2016, the Company recorded a loss on extinguishment of debt of $41.5 million and $26.5 million, respectively, as a result of refinancing the Company's debt. See "Notes to Consolidated Financial Statements—13. *Debt."*

Other. In 2017, the Company recognized $7.9 million of other expense, primarily due to $7.1 million of equity loss from El Rey. In 2016, the Company recognized $30.0 million of other expense due to $20.2 million primarily related to El Rey, $18.1 million primarily related to capital-raising transactions, partially offset by an acquisition gain of $8.3 million.

(Benefit) provision for income taxes. In 2017, the Company reported an income tax benefit of $8.9 million. In 2016, the Company reported an income tax provision of $120.4 million. In 2017, the Company recorded a benefit of $243.9 million associated with the remeasurement of its net deferred tax liability based on a reduction of the federal corporate tax rate from 35% to 21% and other charges resulting from the enactment of the Tax Cuts and Jobs Act on December 22, 2017. The Company's annual effective tax rate as of December 31, 2017 was approximately (1.3%), which differs from the statutory tax rate primarily due to provisions from the Tax Cuts and Jobs Act of 2017 as well as permanent tax differences and discrete items, partially offset by the impact of state and local taxes. The Company's annual effective tax rate as of December 31, 2016 was approximately 34.5%, which differs from the statutory rate primarily due to permanent tax differences and discrete items, partially offset by the impact of state and local taxes. As of December 31, 2017, the Company has approximately $1.13 billion in net operating loss carryforwards at the UHI level, of which approximately $779.1 million have been generated by Univision Communications Inc. and subsidiaries. See "Notes to Consolidated Financial Statements—16. *Income Taxes."*

Income from continuing operations. As a result of the above factors, the Company reported income from continuing operations of $672.5 million and $229.2 million in 2017 and 2016, respectively.

Loss from discontinued operations. The Company reported loss from discontinued operations of $24.2 million and $13.5 million in 2017 and 2016, respectively.

Net loss attributable to noncontrolling interests. In 2017 and 2016, the Company reported net loss attributable to noncontrolling interests of $6.6 million and $3.2 million, respectively.

Net income attributable to Univision Communications Inc. and subsidiaries. The Company reported net income attributable to Univision Communications Inc. and subsidiaries of $654.9 million and $218.9 million in 2017 and 2016, respectively.

Adjusted OIBDA and Bank Credit Adjusted OIBDA. Adjusted OIBDA decreased to $1,310.2 million in 2017 from $1,339.7 million in 2016, a decrease of $29.5 million or 2.2% and Bank Credit Adjusted OIBDA decreased to $1,335.7 million in 2017 from $1,374.4 million in 2016, a decrease of $38.7 million or 2.8%. The decrease results from the factors discussed in the "Overview" above and the other factors noted above. On a consolidated basis, as a percentage of revenue, the Company's Adjusted OIBDA decreased to 44.6% in 2017 from 44.7% in 2016 and Bank Credit Adjusted OIBDA decreased to 45.5% in 2017 from 45.8% in 2016. The impact of revenue recognition related to certain content/intellectual property licensing agreements contributed $36.0 million in 2017 and $54.7 million in 2016, primarily due to the timing of revenue recognition of certain licensing agreements. The impact of political/advocacy advertising contributed $36.0 million in 2017 and $48.2 million in 2016. In 2017, the estimated incremental impact of the Gold Cup soccer tournament contributed a loss of $4.5 million. In 2016, the estimated incremental impact of the Copa America Centenario soccer tournament contributed a loss of $19.3 million. For a reconciliation of Adjusted OIBDA and Bank Credit Adjusted OIBDA to income from continuing operations, which is the most directly comparable GAAP financial measure, see "Reconciliation of Non-GAAP Measures" below.

Liquidity and Capital Resources

Cash Flows

Cash Flows from Operating Activities from Continuing Operations. Cash flows provided by operating activities from continuing operations for the year ended December 31, 2018 were $669.0 million compared to cash flows provided by operating activities from continuing operations for the year ended December 31, 2017 of $580.9 million, an increase of $88.1 million. Net income adjusted for the impact of non-cash items was $481.8 million for the year ended December 31, 2018 and $684.7 million for the year ended December 31, 2017, a decrease of $202.9 million. Changes in assets and liabilities for the year ended December 31, 2018 resulted in net cash provided of $187.2 million compared to a net use of cash of $103.8 million for the year ended December 31, 2017. The increase in net cash provided from changes in assets and liabilities of $291.0 million was primarily due to higher accruals for contractual revenue obligations, lower accounts receivable balances in 2018 and lower overall spending on programming compared to the prior year.

Cash flows provided by operating activities from continuing operations for the year ended December 31, 2017 were $580.9 million compared to cash flows provided by operating activities from continuing operations for the year ended December 31, 2016 of $604.3 million, a decrease of $23.4 million. Net income adjusted for the impact of non-cash items was $684.7 million for the year ended December 31, 2017 and $712.6 million for the year ended December 31, 2016, a decrease of $27.9 million. Changes in assets and liabilities for the year ended December 31, 2017 resulted in a net use of cash of $103.8 million compared to a net use of cash of $108.3 million for the year ended December 31, 2016. The net impact through deferred revenue and other assets of executing channel-sharing arrangements was a use of cash from operations of $35.2 million, partially offset by lower spending on sports programming (partially offset by increased spending on entertainment and news programming) and other operating asset and liability changes.

Cash Flows from Investing Activities from Continuing Operations. Cash flows used in investing activities from continuing operations were $51.3 million for the year ended December 31, 2018 compared to cash flows provided by investing activities from continuing operations of $343.2 million for the year ended December 31, 2017. During the year ended December 31, 2018, the Company used cash of $56.7 million related to capital expenditures, $6.1 million for the acquisition of broadcast licenses and $1.1 million for investments (net of cash received from an investment disposition), as well as received $12.6 million in cash related to the sale of property and equipment.

Cash flows provided by investing activities from continuing operations were $343.2 million for the year ended December 31, 2017 compared to cash flows provided by investing activities from continuing operations of $8.9 million for the year ended December 31, 2016. The advance on monetization of spectrum assets of $411.2 million is reflected in cash flows from investing activities for the year ended December 31, 2017. The Company used $86.4 million in cash related to capital expenditures and received $49.4 million comprised of a land sale for $18.0 million, $16.6 million from the resolution of contingent consideration associated with a broadcast television station sale in 2014, and, sales of primarily radio broadcast licenses of $14.8 million. During the year ended December 31, 2016, the Company used $98.9 million in cash for capital expenditures and used $4.4 million in cash for investments (net of cash received from investment dispositions). These expenditures were offset by the cash proceeds of $102.3 million from the sale of fixed assets (primarily related to the sale of an office building in Los Angeles for approximately $100.0 million).

Cash Flows from Financing Activities from Continuing Operations. Cash flows used in financing activities from continuing operations were $549.1 million for the year ended December 31, 2018 compared to cash flows used in financing activities from continuing operations of $943.0 million for the year ended December 31, 2017. During the year ended December 31, 2018, long-term debt decreased by $55.1 million and revolving debt decreased by $434.0 million, a net use of cash of $489.1 million. The decrease in debt is primarily due to the Company's continuing efforts to deleverage. During the year ended December 31, 2018, the Company used $15.9 million of cash to fund discontinued operations. In addition, for the year ended December 31, 2018, the Company acquired noncontrolling interest for $28.7 million and had net cash uses of $15.0 million related to employee stock activity.

Cash flows used in financing activities from continuing operations were $943.0 million for the year ended December 31, 2017 compared to cash flows used in financing activities from continuing operations of $647.4 million for the year ended December 31, 2016. During the year ended December 31, 2017, long-term debt decreased by $899.1 million and revolving debt increased by $9.0 million, a net use of cash of $891.7 million, including payments of refinancing fees. This decrease in debt is primarily due to purchases of the senior secured notes in the asset sale offers and payments on the senior secured revolving credit facility. During the year ended December 31, 2017, the Company used $24.2 million of cash to fund discontinued operations. In addition, for the year ended December 31, 2017, the Company had net cash uses of $28.1 million related to employee stock activity, as well as contributions from noncontrolling interests of $1.0 million.

Anticipated Cash Requirements. The Company's current financing strategy is to fund operations and service the Company's debt through cash flow from operations, the Company's bank senior secured revolving credit facility, the Company's accounts receivable sale facility, and anticipated access to private equity and debt markets. The Company monitors the cash flow liquidity, availability, fixed charge coverage, capital base, programming acquisitions and leverage ratios with the long-term goal of maintaining the Company's credit worthiness.

The Company may from time to time seek to retire or purchase, directly or indirectly, its outstanding indebtedness, including its outstanding debt securities, through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions, by tender offer or otherwise. Such purchases and/or exchanges, if any, could be financed with a combination of cash on hand and borrowings under its senior secured revolving credit facility and accounts receivable sale facility, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material, which could impact its capital structure, the market for its debt securities, the price of the indebtedness being purchased and/or exchanged and affect its liquidity.

Capital Expenditures

Capital expenditures for the year ended December 31, 2018 totaled $56.7 million, and included approximately $14.8 million of accruals as of December 31, 2017, but excluded approximately $9.3 million of accruals as of December 31, 2018. These expenditures included $18.0 million related to normal capital purchases or improvements, $18.2 million related to information technology, and $20.5 million related to facilities upgrades, including those related to consolidation of operations. The Company's capital expenditures exclude the expenditures financed with capitalized lease obligations. The Company's capital expenditure plan for the full fiscal year 2019 is for approximately $70 million to $80 million. These anticipated expenditures include $35 to $38 million related to normal capital purchases or improvements, $25 to $30 million related to information technology and $10 to $12 million related to facilities upgrades, including those related to consolidation of operations. In addition, approximately $9.3 million of accruals referenced above is expected to be paid within the first quarter of 2019.

Capital expenditures for the year ended December 31, 2017 totaled $86.4 million, and included approximately $6.3 million of accruals as of December 31, 2016, but excluded approximately $14.8 million of accruals as of December 31, 2017. These expenditures included $39.4 million related to normal capital purchases or improvements, $25.6 million related to information technology, and $21.4 million related to facilities upgrades, including those related to consolidation of operations. The Company's capital expenditures exclude the expenditures financed with capitalized lease obligations.

Debt and Financing Transactions

Subsequent to December 31, 2018, the Company paid approximately $120.0 million of principal on its senior secured term loan facility with cash on hand and borrowings under its accounts receivable facility.

As of December 31, 2018, the Company had total committed capacity, defined as maximum available borrowings under various existing debt arrangements plus cash and cash equivalents, of $8,792.0 million. Of this committed capacity, $1,197.5 million was unused and $7,513.7 million was outstanding as debt. As of December 31, 2018, total committed capacity, outstanding letters of credit, outstanding debt and total unused committed capacity were as follows (in thousands).

	Committed Capacity	Letters of Credit	Outstanding Debt	Unused Committed Capacity
Cash and cash equivalents	$ 128,300	$ —	$ —	$ 128,300
Bank senior secured revolving credit facility maturing in 2022[(a)] — alternate bases	850,000	80,800	—	769,200
Bank senior secured term loans maturing in 2024—LIBOR with a 1.0% floor + 2.75%[(b)]	4,378,700	—	4,378,700	—
Senior secured notes due 2022—6.75%[(b)]	357,800	—	357,800	—
Senior secured notes due 2023—5.125%[(b)]	1,197,800	—	1,197,800	—
Senior secured notes due 2025—5.125%[(b)]	1,479,400	—	1,479,400	—
Accounts receivable facility maturing in 2022—LIBOR + 1.50%	400,000	—	100,000	300,000
	$ 8,792,000	$ 80,800	$ 7,513,700	$ 1,197,500

(a) See "Notes to Consolidated Financial Statements—13. *Debt*."
(b) Amounts represent the principal balance and do not include any discounts and premiums.

To the extent permitted and to the extent of free cash flow, the Company intends to repay indebtedness and reduce the Company's ratio of Adjusted OIBDA to total debt.

The Company's Senior Secured Credit Facilities are guaranteed by Broadcast Media Partners Holdings, Inc. ("Holdings") and Univision Communications Inc.'s material, wholly-owned restricted domestic subsidiaries (subject to certain exceptions). The Company's senior secured notes are guaranteed by all of the current and future domestic subsidiaries that guarantee the senior secured credit facilities. The senior secured notes are not guaranteed by Holdings.

The Company's Senior Secured Credit Facilities are secured by, among other things:

- a first priority security interest, subject to permitted liens, in substantially all of the assets of Univision Communications Inc. and Univision of Puerto Rico Inc. ("UPR"), as borrowers, Holdings and Univision Communications Inc.'s material restricted domestic subsidiaries (subject to certain exceptions), including without limitation, all receivables, contracts, contract rights, equipment, intellectual property, inventory and other tangible and intangible assets, but excluding, among other things, cash and cash equivalents, deposit and securities accounts, motor vehicles, FCC licenses to the extent that applicable law or regulation prohibits the grant of a security interest therein, equipment that is subject to restrictions on liens pursuant to purchase money obligations or capital lease obligations, interests in joint ventures and non-wholly owned subsidiaries that cannot be pledged without the consent of a third party, trademark applications and receivables subject to the Company's accounts receivable securitization;

- a pledge of (i) the present and future capital stock of each of Univision Communications Inc.'s, UPR's, and each subsidiary guarantor's direct domestic subsidiaries (other than interests in joint ventures and non-wholly owned subsidiaries that cannot be pledged without the consent of a third party or to the extent a pledge of such capital stock would cause us to be required to file separate financial statements for such subsidiary with the Securities and Exchange Commission) and (ii) 65% of the voting stock of each of Univision Communications Inc.'s, UPR's, and each subsidiary guarantor's material direct foreign subsidiaries (other than interests in non-wholly owned subsidiaries that cannot be pledged without the consent of a third party), in each case, subject to certain exceptions; and

- all proceeds and products of the property and assets described above.

The Company's senior secured notes are secured by substantially all of Univision Communications Inc.'s and the guarantors' property and assets that secure the Company's Senior Secured Credit Facilities. The senior secured notes are not secured by the assets of Holdings, including a pledge of the capital stock of the Company.

The agreements governing the Senior Secured Credit Facilities and the senior secured notes contain various covenants, which, among other things, limit the incurrence of indebtedness, making 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 credit agreement allows the Company to make certain pro forma adjustments for purposes of calculating the financial maintenance ratio applicable to the revolver facility thereunder, which would be applied to Bank Credit Adjusted OIBDA. The Company is in compliance with these covenants under the agreements governing its senior secured credit facilities and the existing senior secured notes as of December 31, 2018.

A breach of any covenant could result in an event of default under those agreements. If any such event of default occurs, the lenders of the senior secured credit facilities or the holders of the existing senior secured 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, an event of default under the indentures governing the existing senior secured notes would cause an event of 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 an event of default under the indentures governing the existing senior secured notes (assuming certain amounts of that debt were outstanding at the time). The lenders under the 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 the senior secured credit facilities, the lenders will have the right to proceed against the collateral.

The Company owns several wholly-owned early stage ventures which have been designated as "unrestricted subsidiaries" for purposes of its credit agreement governing the senior secured credit facilities and indentures governing the senior secured notes. The results of these unrestricted subsidiaries are excluded from Bank Credit Adjusted OIBDA in accordance with the definition in the credit agreement and the indentures governing the senior secured notes. As unrestricted subsidiaries, the operations of these subsidiaries are excluded from, among other things, covenant compliance calculations and compliance with the affirmative and negative covenants of the credit agreement governing the senior secured credit facilities and indentures governing the senior secured notes. The Company may redesignate these subsidiaries as restricted subsidiaries at any time at its option, subject to compliance with the terms of its credit agreement governing the senior secured credit facilities and indentures governing the senior secured notes.

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

The credit agreement governing the Company's Senior Secured Credit Facilities also provides that the Company may increase its existing revolving credit facilities and/or term loans facilities by up to $750.0 million if certain conditions are met, and after giving effect to the First February 2017 Amendment, the Company has in aggregate made $700.0 million of such increases to its existing revolving credit facilities and term loan facilities.

On August 30, 2017, the Company entered into an amended accounts receivable sale facility (as amended, the "Facility"). The amendment, among other things, (i) extended the expiration date of the Facility to August 30, 2022, (ii) provided for a letter of credit sub-limit of $100.0 million under the revolving component of the Facility, (iii) lowered the interest rate on the borrowings under the Facility to a LIBOR market index rate (without a floor) plus a margin of 1.50% or 1.75% per annum, depending on the amount drawn under the Facility and (iv) lowered the commitment fee on the unused portion of the Facility to 0.30% per annum unless usage is less than 50% at which a rate of 0.50% per annum will be used.

Interest Rate Swaps

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage the Company's exposure to interest rate movements. To accomplish these objectives, the Company primarily use interest rate swaps as part of the Company's interest rate risk management strategy. These interest rate swaps 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. The Company has agreements with each of the Company's 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 December 31, 2018, the Company has four effective cash flow hedges. Two current interest rate swaps effectively convert the interest payable on $2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately

2.25% through February 2020. During the first quarter of 2017, the Company entered into two additional forward-starting interest rate swaps which were designated as cash flow hedges and will continue to convert the interest payable on $2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 2.94% from February 2020 through February 2024. These two-additional forward-starting interest rate swaps were entered into in connection with the March 2017 amendment to the credit agreement governing the Senior Secured Credit Facilities to extend the Company's hedge of LIBOR with a 1% floor from the period the debt previously matured through February 2024.

Other

General

Based on the Company's 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 availability under the Company's senior secured revolving credit facility and the revolving component of the Company's receivable sale facility will provide sufficient liquidity to fund the Company's current obligations, projected working capital requirements and capital expenditures for a period that includes at least the next year.

Acquisitions, Investments and Joint Ventures

The Company continues to explore acquisition, investment and joint venture opportunities to complement and capitalize on the Company's existing business and management. The purchase price for any future acquisitions, investments and joint venture investments may be paid with cash derived from operating cash flow, proceeds available under the Company's revolving credit facilities, proceeds from future equity or debt offerings or any combination thereof.

Contractual Obligations

The following table is a summary of the Company's major contractual payment obligations as of December 31, 2018.

Major Contractual Obligations
As of December 31, 2018
(In thousands)

	Payments Due By Period						
	2019	2020	2021	2022	2023	Thereafter	Total
Senior secured notes (a)	$ —	$ —	$ —	$ 357,800	$ 1,197,800	$ 1,479,400	$ 3,035,000
Bank senior secured term loans (a)	110,900	44,700	44,700	44,700	44,700	4,089,000	4,378,700
Bank revolver principal (b)	—	—	—	—	—	—	—
Interest on fixed rate debt (c)	161,400	161,400	161,400	161,400	106,500	113,700	865,800
Interest on variable rate debt (d)	231,600	223,000	217,400	216,600	214,700	45,000	1,148,300
Operating leases	37,700	40,900	38,200	35,600	31,500	148,400	332,300
Capital leases (e)	9,900	10,000	8,800	8,300	8,200	78,500	123,700
Accounts receivable facility (f)	—	—	—	100,000	—	—	100,000
Programming (g)	212,200	175,500	140,000	91,700	27,800	100,300	747,500
Research tools	102,500	89,700	89,300	92,400	—	—	373,900
Music license fees	4,500	—	—	—	—	—	4,500
Information technology	12,000	7,100	4,700	100	—	—	23,900
	$ 882,700	$ 752,300	$ 704,500	$ 1,108,600	$ 1,631,200	$ 6,054,300	$ 11,133,600

(a) Amounts represent the principal amount and are not necessarily the balance of the Company's debt, which include discount and premium amounts.
(b) Amounts reflect the Company's revolving credit facility which matures in 2022.
(c) Amounts represent anticipated cash interest payments related to the Company's fixed rate debt, which includes the senior secured notes.
(d) Amounts represent anticipated cash interest payments related to the Company's variable rate debt, which includes the bank senior secured term loans and the accounts receivable facility. Interest on these debt instruments is calculated as one-month LIBOR plus an applicable margin. To estimate the future interest payments, the Company adjusted the debt principal balances based on contractual reductions in debt and utilized the one-month forward LIBOR curve as of December 31, 2018.
(e) Amounts are based on anticipated cash payments. For a reconciliation to the capital lease obligations recognized on the Company's balance sheet as of December 31, 2018, see "Notes to Consolidated Financial Statements—18. *Contingencies and Commitments."*

(f) Amounts reflect the Company's accounts receivable sale facility which matures in 2022.
(g) Amounts exclude the license fees that will be paid in accordance with the program license agreement with Televisa (the "Televisa PLA").

The Company's gross tax liability for uncertain tax positions as of December 31, 2018 is $37.5 million, including $12.1 million of accrued interest and penalties. Until formal resolutions are reached between the Company and the tax authorities, the timing and amount of a possible settlement for uncertain tax benefits is not determinable. Therefore, the obligation is not included in the table of major contractual obligations above. See "Notes to Consolidated Financial Statements—16. *Income Taxes*."

Off-Balance Sheet Arrangements

As of December 31, 2018, the Company does not have any off-balance sheet transactions, arrangements or obligations (including contingent obligations) that would have a material effect on the Company's financial results.

Quantitative and Qualitative Disclosures about Market Risk

The Company faces risks related to fluctuations in interest rates. The Company's primary interest rate exposure results from short-term interest rates applicable to the Company's variable interest rate loans. To partially mitigate this risk, the Company has entered into interest rate swap contracts. As of December 31, 2018, the Company had approximately $2.0 billion in principal amount in variable interest rate loans outstanding in which the Company's exposure to variable interest rates is not limited by interest rate swap contracts. A hypothetical change of 10% in the floating interest rate that the Company receives would result in a change to interest expense of approximately $4.9 million on pre-tax earnings and pre-tax cash flows over a one-year period related to the borrowings in excess of the hedged contracts. See "—Debt and Financing Transactions—Interest Rate Swaps."

Critical Accounting Policies

The Company's discussion and analysis of financial condition and results of operations is based on the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires the Company 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 revenue and expenses during the reporting period. Certain accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. These estimates, assumptions and judgments are based on historical experience, terms of existing contracts, evaluation of trends in the industry, information provided by customers and suppliers/partners and information available from other outside sources, as appropriate. However, they are subject to an inherent degree of uncertainty. As a result, the Company's actual results in these areas may differ significantly from these estimates. The Company believes that the following critical accounting policies are critical to an understanding of the financial condition and results of operations and require the most significant judgments and estimates used in the preparation of the Company's consolidated financial statements and changes in these judgments and estimates may impact future results of operations and financial condition.

Revenue Recognition

Advertising—The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations and its websites and mobile applications. Advertising revenues are recorded net of volume and prompt payment discounts. The Company offers advertising at market rates.

For the broadcast and cable networks, the Company sells advertising time in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season in advance, often at discounted rates from the Company's standard rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run and often pay a premium to the Company's standard rates. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time, type of programming and economic conditions. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. To the extent cash is collected prior to revenue recognition, the Company records its obligation to deliver additional advertising time as an accrued revenue obligation.

For the local television and radio stations, the Company sells national spot advertising and local advertising. National spot advertising represents time sold to advertisers that advertise in more than one designated market area ("DMA"). Local advertising revenue is generated from local merchants and service providers and regional and national businesses and advertising agencies located in one or more DMA. The Company often sells local advertising as a package across platforms, including local television, radio and related digital properties. The Company acts as the exclusive national sales representative for the sale of all national advertising on

Univision's broadcast network affiliate stations and generally receives commission income based on a percentage of the Company's affiliate stations' total net advertising sales for representing them on national sales.

The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on its websites and mobile applications.

Advertising revenue is recognized when advertising spots are aired or as "impressions" are delivered and performance guarantees, if any, are achieved. The achievement of performance guarantees is based on audience ratings from an independent research company. If there is a guarantee to deliver a targeted audience rating or number of impressions, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. "Impressions" are defined as the number of times that an advertisement appears in pages viewed by users of the Company's digital properties. Sponsorship advertisement revenue is recognized ratably over the contract period. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration it is entitled for the advertising services.

In the normal course of business, the Company uses an intermediary or agent in executing transactions with third parties. When the intermediary or agent is determined to be the Company's customer, the Company records revenue based on the amount it expects to receive from the agent or intermediary.

In other circumstances, the determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Company serves as the principal in transactions in which it controls the goods or services prior to being transferred to the ultimate customer.

Under the Televisa PLA the Company has the right, on an annual basis, to reduce the minimum amount of advertising it has committed to provide to Televisa by up to 20% for the Company's use to sell advertising or satisfy ratings guarantees to certain advertisers. See "Notes to Consolidated Financial Statements—12. *Related Parties."*

Subscription—Subscription revenue includes fees charged for the right to view the Company's broadcast and cable networks and retransmit its stations as well as to view the Company's content made available to customers through a variety of distribution platforms and viewing devices. Subscription revenue is principally comprised of fees received from multichannel video programming distributors ("MVPDs") for carriage of the Company's networks as well as for authorizing carriage ("retransmission consent") of Univision and UniMás broadcast networks aired on the Company's owned television stations as well as fees for digital content. Typically, the Company's networks and stations are aired on MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company's networks and stations will receive, and if applicable, for annual rate increases. Carriage of the Company's networks and stations is generally determined by package, such as whether its networks are included in the more widely distributed, general entertainment packages or lesser-distributed, specialized packages, such as U.S. Hispanic-targeted or Spanish-language packages, sports packages, and movies or music packages. Subscription revenue is largely dependent on the contractual rate-per-subscriber negotiated in the agreements, the number of subscribers that receive the Company's networks or content, and the market demand for the content that the Company provides. Judgement is sometimes required in circumstances where multiple services have been included in negotiated rates and one or more of those services is considered a distinct performance obligation that should be accounted for separately versus together. Subscriber fees received from cable and satellite MVPDs are recognized as revenue in the period that services are provided or, in the case of digital content, available for display based on an agreed upon contractual rate applied to the number of subscribers to the customer's service. The Company does not disclose future performance obligations on subscriber contracts which have additional terms of one to three years and are based on usage-royalties of its intellectual property (i.e. programming content). All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the subscription services.

The Company also receives retransmission consent fees related to television stations affiliated with Univision and UniMás broadcast networks that the Company does not own (referred to as "affiliates"). The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of their Univision and UniMás stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

Content Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. The Company views the licensing of digital content as a separate revenue category. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the content licensing.

Program Rights and Prepayments

The Company acquires program rights to exhibit on its broadcast and cable networks, including television shows, movies, and sports content. The costs incurred to acquire programming are capitalized when (i) the cost of the programming is reasonably determined, (ii) the programming has been accepted in accordance with the terms of the agreement, (iii) the programming is available for its first showing or telecast and (iv) the license period has commenced. The costs of program rights are classified as program prepayments if the rights payments are made before the related economic benefit has been received. The costs of original programs are capitalized when incurred. All program rights and prepayments on the Company's balance sheet are subject to regular recoverability assessments.

Acquired program rights for television shows and movies are amortized over their economic life, which is the period in which an economic benefit is expected to be generated, based on the estimated relative value of each broadcast of the program over the program's life. Acquired program costs for television shows and movies are charged to operating expense as the programs are broadcast. Acquired program costs for multi-year sports programming arrangements are amortized to operating expense over the license period based on the ratio of current-period direct revenue to estimated remaining total direct revenue over the remaining contract period. In the case of original programming, program costs are amortized to operating expense utilizing an individual-film-forecast-computation method over the title's life cycle based upon the ratio of current period revenue to estimated remaining ultimate revenue.

The accounting for television shows and movie rights, sports rights, program rights prepayments and capitalized original program costs, requires judgment, particularly in the process of estimating the revenue to be earned over the life of the asset and total costs to be incurred ("ultimate revenue"). These judgments are used in determining the amortization of, and any necessary impairment of, capitalized costs. Estimated ultimate revenue is based on factors such as historical performance of similar programs, actual and forecasted ratings and the genre of the program. If planned usage patterns or estimated relative values by year were to change significantly, amortization of the Company's capitalized costs may be accelerated or slowed. Program rights prepayments and capitalized original program costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these long-lived assets 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. Such measurements are classified as Level 3 within the fair value hierarchy as key inputs used to value program and sports rights include ratings and undiscounted cash flows. If the carrying amount of an asset exceeds its estimated undiscounted future cash flow, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Accounting for Goodwill, Other Intangibles and Long-Lived Assets Indefinite-Lived Intangibles

Goodwill and other intangible assets with indefinite lives are tested annually for impairment on October 1 or more frequently if circumstances indicate a possible impairment exists.

The Company applies the method of assessing goodwill for possible impairment permitted by Accounting Standards Update ("ASU") 2017-04, *Intangibles - Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment*. The Company first assesses the qualitative factors for reporting units that carry goodwill. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit.

When a qualitative assessment is not used, or if the qualitative assessment is not conclusive and it is necessary to calculate fair value of a reporting unit, then the impairment analysis for goodwill is performed at the reporting unit level using a two-step approach. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill utilizing an enterprise-value based approach. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill.

The Company also has indefinite-lived intangible assets, such as television and radio broadcast licenses and tradenames. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test.

If the qualitative assessment determines that it is more likely than not that the fair value of the intangible asset is more than its carrying amount, then the Company concludes that the intangible asset is not impaired. If the Company does not choose to perform the qualitative assessment, or if the qualitative assessment determines that it is more likely than not that the fair value of the intangible

asset is less than its carrying amount, then the Company calculates the fair value of the intangible asset and compares it to the corresponding carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized for the excess carrying value over the fair value.

If a quantitative test is performed, the Company will calculate the fair value of the intangible assets. The fair value of the television and radio broadcast licenses is determined using the direct valuation method, for which the key assumptions are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. For trade names, the Company assesses recoverability by utilizing the relief from royalty method to determine the estimated fair value. Key assumptions used in this model include discount rates, royalty rates, growth rates, sales projections and terminal value rates. The fair value of the intangible assets is classified as a Level 3 measurement. When a qualitative test is performed, the Company considers the same key assumptions that would have been used in a quantitative test to determine if these factors would negatively affect the fair value of the intangible assets.

Univision Network and *UniMás* network programming is broadcast on the television stations. FCC broadcast licenses associated with the *Univision Network* and *UniMás* stations are tested for impairment at their respective network level. Broadcast licenses for television stations that are not dependent on network programming are tested for impairment at the local market level. Radio broadcast licenses are tested for impairment at the local market level.

Long-lived assets, such as property and equipment, intangible assets with definite lives, channel-sharing arrangements 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 undiscounted 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.

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 requisite service period which generally matches the stated vesting schedule. The Company's stock options vest over periods of between three and five years from the date of grant. The Company's restricted stock unit awards vest over periods of between three and four years from the date of grant. The fair value of each new stock option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The Black-Scholes-Merton option-pricing model was developed for use in estimating the value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions. Inherent in this model are assumptions related to stock price, expected stock-price volatility, expected term, risk-free interest rate and dividend yield. The risk-free interest rate is based on data derived from public sources. The estimated stock price is based on comparable public company information and the Company's estimated discounted cash flows. The expected stock-price volatility is primarily based on comparable public company information. Expected term and dividend yield assumptions are based on management's estimates. The fair value of restricted stock units awarded to employees is measured at estimated intrinsic value at the date of grant. The Company accounts for forfeitures when they occur.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company classifies all deferred tax assets and liabilities, net as noncurrent on the consolidated balance sheet. Valuation allowances are established when management determines that it is more likely than not that some portion or the entire deferred tax asset will not be realized. The future realization of deferred tax assets depends on the existence of sufficient taxable income of the appropriate character in either the carry back or carry forward period under the tax law for the deferred tax asset. In a situation where the net operating losses are more likely than not to expire prior to being utilized the Company has established the appropriate valuation allowance. If estimates of future taxable income during the net operating loss carryforward period are reduced the realization of the deferred tax assets may be impacted. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognizes interest and penalties, if any, related to uncertain income tax positions in income tax expense. There is considerable judgment involved in assessing whether deferred tax assets will be realized and in determining whether positions taken on the Company's tax returns are more likely than not of being sustained.

Recent Accounting Pronouncements

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

Reconciliation of Non-GAAP Measures

Presented below on a consolidated basis is a reconciliation of the non-GAAP measure Adjusted OIBDA to income from continuing operations which is the most directly comparable GAAP financial measure:

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Income from continuing operations	$ 149,700	$ 672,500	$ 229,200
Provision (benefit) for income taxes	52,600	(8,900)	120,400
Income before income taxes	202,300	663,600	349,600
Other expense (income):			
Interest expense	391,200	422,700	493,900
Interest income	(12,900)	(12,000)	(11,000)
Amortization of deferred financing costs	7,600	10,100	15,800
Loss on extinguishment of debt [(a)]	—	41,500	26,500
Other[(b)]	22,700	7,900	30,000
Operating income	610,900	1,133,800	904,800
Depreciation and amortization	166,300	180,400	180,400
Impairment loss[(c)]	143,400	88,900	204,500
Restructuring, severance and related charges	104,800	52,300	27,500
Gain on sale of assets, net[(d)]	(23,300)	(183,300)	—
Share-based compensation	18,700	29,200	20,900
Other adjustments to operating income[(e)]	2,000	8,900	1,600
Adjusted OIBDA	$ 1,022,800	$ 1,310,200	$ 1,339,700

(a) Loss on extinguishment of debt is a result of the Company's refinancing transactions.

(b) Other is primarily comprised of income (loss) arising from the Company's investments and in 2016 expenses associated with capital-raising transactions.

(c) Impairment loss is primarily comprised of non-cash impairments related to the write-down of broadcast license and tradename in the Radio segment, program rights in the Media Networks segment and the write-down of property held for sale.

(d) Gain on sale of assets, net primarily pertains to the gains related to the sale of a portion of the Company's spectrum assets in the FCC's broadcast incentive auction as well as gains and losses associated with miscellaneous real estate and other asset sales.

(e) Other adjustments to operating income is primarily comprised of letter of credit fees and costs associated with the renewal of certain contracts.

The following tables reconcile Bank Credit Adjusted OIBDA to Adjusted OIBDA (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Adjusted OIBDA	$ 1,022,800	$ 1,310,200	$ 1,339,700
Less expenses included in Adjusted OIBDA but excluded from Bank Credit Adjusted OIBDA:			
Business optimization expense[(a)]	—	800	2,500
Adjustments for certain entities not treated as subsidiaries and subsidiaries designated as unrestricted subsidiaries under senior secured credit facilities and indentures[(a)]	(4,700)	5,300	10,100
Contractual adjustments under senior secured credit facilities and indentures[(b)]	76,900	19,400	22,100
Bank Credit Adjusted OIBDA	$ 1,095,000	$ 1,335,700	$ 1,374,400

(a) Under the Company's credit agreement governing the Company's senior secured credit facilities and indentures governing the Company's senior notes, Bank Credit Adjusted OIBDA permits the add-back and/or deduction, as applicable, for specified business optimization expenses, unusual, infrequent items, income (loss) from equity investments in entities, the results of which are consolidated in the Company's operating income (loss), that are not treated as subsidiaries, and from subsidiaries designated as unrestricted subsidiaries, in each case under such credit facilities and indentures, and certain other expenses. "Business optimization expense" includes legal, consulting and advisory fees. "Unrestricted Subsidiaries" are several wholly-owned early stage ventures. The amounts for subsidiaries designated as unrestricted subsidiaries and certain entities that are not treated as subsidiaries under the Company's senior secured credit facilities and indentures governing the Company's senior notes above represent the residual elimination after the other permitted exclusions from Bank Credit Adjusted OIBDA. The Company may redesignate unrestricted subsidiaries as restricted subsidiaries at any time at its option, subject to compliance with the terms of the credit agreement and indentures. Bank Credit Adjusted OIBDA is further adjusted when giving effect to the redesignation of an unrestricted subsidiary as a restricted subsidiary for the 12 month period then ended upon such redesignation.

(b) Contractual adjustments under the Company's senior secured credit facilities and indentures relate to adjustments to operating income permitted under the Company's senior secured credit facilities and indentures governing the Company's senior notes primarily related to the treatment of the accounts receivable facility under GAAP that existed when the credit facilities were originally entered into as well as an estimated adjustment from a contractual obligation in 2018 which is not expected to impact revenues in 2019 and other miscellaneous items.

Forward-Looking Statements

Certain statements contained within this reporting package 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," "optimistic" or the negative of these terms, and similar expressions intended to identify forward-looking statements.

These forward-looking statements reflect the Company's 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 the Company's estimates and assumptions only as of the date of this reporting package. The Company undertakes 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: cancellations, reductions or postponements of advertising or other changes in advertising practices among the Company's advertisers; any impact of adverse economic conditions on the Company's industry, business and financial condition, including reduced advertising revenue; changes in the size of the U.S. Hispanic population, including the impact of federal and state immigration legislation and policies on both the U.S. Hispanic population and persons emigrating from Latin America; lack of audience acceptance of the Company's content; varying popularity for programming, which the Company cannot predict at the time the Company may incur related costs; the failure to renew existing carriage agreements or reach new carriage agreements with MVPDs on acceptable terms or otherwise and the impact of such failure on pricing terms of, and contractual obligations under, carriage agreements with other MVPDs; consolidation in the cable or satellite MVPD industry; the impact of increased competition from new technologies; changes in the Company's strategy going forward; competitive pressures from other broadcasters and other entertainment and news media; damage to the Company's brands, particularly the Univision brand, or reputation; fluctuations in the Company's quarterly results, making it difficult to rely on period-to-period comparisons; failure to retain the rights to sports programming to attract advertising revenue; the loss of the Company's ability to rely on Televisa for a significant amount of its network programming; the failure of the Company's new or existing businesses to produce projected revenue or cash flows; failure to monetize the Company's content on its digital platforms; the Company's success in acquiring, investing in and integrating complementary businesses; the potential sale of the Company's English-language digital businesses; failure to further monetize the Company's spectrum assets; the failure or destruction of satellites or transmitter facilities that the Company depends on to distribute its programming; disruption of the Company's business due to network and information systems-related events, such as computer hackings, viruses, or other destructive or disruptive software or activities; inability to realize the full value of the Company's intangible assets; failure to utilize the Company's net operating loss carryforwards; the impact from the Tax Cuts and Jobs Act; the loss of key executives; possible strikes or other union job actions; piracy of the Company's programming and other content; environmental, health and safety laws and regulations; FCC media ownership rules; compliance with, and/or changes in, the rules and regulations of the FCC; new laws or regulations concerning retransmission consent or "must carry" rights; increased enforcement or enhancement of FCC indecency and other programming content rules; the impact of legislation on the reallocation of broadcast spectrum which may result in additional costs and affect the Company's ability to provide competitive services; net losses in the future and for an extended period of time; the Company's substantial indebtedness; failure to service the Company's debt or inability to comply with the agreements contained in the Company's senior secured credit facilities and indentures, including any financial covenants and ratios; the Company's dependency on lenders to execute its business strategy and its inability to secure financing on suitable terms or at all; any impact from the discontinuance of the London Interbank Offered Rate; volatility and weakness in the capital markets; and risks relating to the Company's ownership. Actual results may differ materially due to these risks and uncertainties. The Company assumes no obligation to update forward-looking information contained in this reporting package.