# UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES
# 2019 Third Quarter Reporting Package

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

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**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

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

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | **(Unaudited)** | |
| Current assets: | | |
| Cash and cash equivalents | $ 167,500 | $ 128,300 |
| Accounts receivable, less allowance for doubtful accounts of $2,000 in 2019 and $4,100 in 2018 . | 599,300 | 614,700 |
| Program rights and prepayments | 193,100 | 135,700 |
| Prepaid expenses and other | 122,400 | 81,700 |
| Current assets held for sale | — | 26,400 |
| Total current assets | 1,082,300 | 986,800 |
| Property and equipment, net | 540,800 | 594,600 |
| Intangible assets, net | 2,599,300 | 2,639,200 |
| Goodwill | 4,591,800 | 4,591,800 |
| Program rights and prepayments | 48,300 | 85,000 |
| Investments | 119,600 | 120,100 |
| Operating lease right-of-use assets | 185,600 | — |
| Other assets | 172,200 | 154,600 |
| Total assets | $ 9,339,900 | $ 9,172,100 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 353,800 | $ 417,700 |
| Deferred revenue | 64,100 | 85,900 |
| Current operating lease liabilities | 46,000 | — |
| Current liabilities held for sale | — | 3,500 |
| Current portion of long-term debt and finance lease obligations | 6,400 | 117,700 |
| Total current liabilities | 470,300 | 624,800 |
| Long-term debt and finance lease obligations | 7,430,400 | 7,440,900 |
| Deferred tax liabilities, net | 485,600 | 455,400 |
| Deferred revenue | 347,300 | 388,400 |
| Noncurrent operating lease liabilities | 188,600 | — |
| Other long-term liabilities | 157,400 | 125,800 |
| Total liabilities | 9,079,600 | 9,035,300 |
| Stockholder's equity: | | |
| Common Stock, $0.01 par value; 100,000 shares authorized in 2019 and 2018, 1,000 shares issued and outstanding at September 30, 2019 and December 31, 2018 | — | — |
| Additional paid-in-capital | 5,308,400 | 5,292,500 |
| Accumulated deficit | (4,919,700) | (5,122,800) |
| Accumulated other comprehensive loss | (128,400) | (35,500) |
| Total Univision Communications Inc. and subsidiaries stockholder's equity | 260,300 | 134,200 |
| Noncontrolling interest | — | 2,600 |
| Total stockholder's equity | 260,300 | 136,800 |
| Total liabilities and stockholder's equity | $ 9,339,900 | $ 9,172,100 |

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited and in thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | $ 681,400 | $ 628,200 | $ 1,995,000 | $ 2,025,300 |
| Direct operating expenses | 255,700 | 244,400 | 783,900 | 743,100 |
| Selling, general and administrative expenses | 177,000 | 157,200 | 505,100 | 504,500 |
| Impairment loss | 2,300 | 19,700 | 8,900 | 37,400 |
| Restructuring, severance and related charges | 11,000 | 54,900 | 24,300 | 96,700 |
| Depreciation and amortization | 38,400 | 41,100 | 114,900 | 125,700 |
| Loss (gain) on dispositions | 1,600 | (2,500) | 10,500 | (24,400) |
| Operating income | 195,400 | 113,400 | 547,400 | 542,300 |
| Other expense (income): | | | | |
| Interest expense | 95,000 | 98,300 | 288,400 | 293,200 |
| Interest income | (3,400) | (3,300) | (10,200) | (9,500) |
| Amortization of deferred financing costs | 2,000 | 1,900 | 5,800 | 5,700 |
| Other | — | (1,700) | (8,000) | 3,000 |
| Income from continuing operations before income taxes | 101,800 | 18,200 | 271,400 | 249,900 |
| Provision for income taxes | 24,400 | 5,800 | 65,100 | 60,000 |
| Income from continuing operations | 77,400 | 12,400 | 206,300 | 189,900 |
| Loss from discontinued operations, net of income taxes | — | (96,100) | (13,700) | (116,400) |
| Net income (loss) | 77,400 | (83,700) | 192,600 | 73,500 |
| Net income (loss) attributable to noncontrolling interests | — | 100 | 200 | (4,400) |
| Net income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 77,400 | $ (83,800) | $ 192,400 | $ 77,900 |

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(Unaudited and in thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) | $ 77,400 | $ (83,700) | $ 192,600 | $ 73,500 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Unrealized (loss) gain on hedging activities | (16,400) | 9,900 | (80,400) | 65,600 |
| Reclassification of hedging activities to income | (1,100) | (1,000) | (3,000) | (3,000) |
| Unrealized loss on available-for-sale securities | (2,200) | (800) | (9,300) | (16,900) |
| Currency translation adjustment | (400) | 400 | (200) | 400 |
| Other comprehensive (loss) income | (20,100) | 8,500 | (92,900) | 46,100 |
| Comprehensive income (loss) | 57,300 | (75,200) | 99,700 | 119,600 |
| Comprehensive income (loss) attributable to noncontrolling interests | — | 100 | 200 | (4,400) |
| Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 57,300 | $ (75,300) | $ 99,500 | $ 124,000 |

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**
**(Unaudited and in thousands)**

| | Three Months Ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | Univision Communications Inc. and Subsidiaries Stockholder's Equity | | | | | | |
| | Common Stock | Additional Paid-in-Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total | Noncontrolling Interest | Total Equity |
| Balance, June 30, 2018 | $ — | $ 5,289,600 | $ (4,965,900) | $ (14,100) | $ 309,600 | $ 1,800 | $ 311,400 |
| Net (loss) income | — | — | (83,800) | — | (83,800) | 100 | (83,700) |
| Other comprehensive income | — | — | — | 8,500 | 8,500 | — | 8,500 |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | | (3,500) | — | — | (3,500) | — | (3,500) |
| Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | (4,700) | — | — | (4,700) | — | (4,700) |
| Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | | 7,400 | — | — | 7,400 | — | 7,400 |
| Noncontrolling interest | — | 1,100 | — | — | 1,100 | — | 1,100 |
| Balance, September 30, 2018 | $ — | $ 5,289,900 | $ (5,049,700) | $ (5,600) | $ 234,600 | $ 1,900 | $ 236,500 |
| Balance, June 30, 2019 | $ — | $ 5,302,500 | $ (4,997,100) | $ (108,300) | $ 197,100 | $ — | $ 197,100 |
| Net income | — | — | 77,400 | — | 77,400 | — | 77,400 |
| Other comprehensive loss | — | — | — | (20,100) | (20,100) | — | (20,100) |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | — | (100) | — | — | (100) | — | (100) |
| Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | (600) | — | — | (600) | — | (600) |
| Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | 6,400 | — | — | 6,400 | — | 6,400 |
| Other | — | 200 | — | — | 200 | — | 200 |
| Balance, September 30, 2019 | $ — | $ 5,308,400 | $ (4,919,700) | $ (128,400) | $ 260,300 | $ — | $ 260,300 |

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**
**(Unaudited and in thousands)**

| | Nine Months Ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | Univision Communications Inc. and Subsidiaries Stockholder's Equity | | | | | | |
| | Common Stock | Additional Paid-in-Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total | Noncontrolling Interest | Total Equity |
| Balance, December 31, 2017 | $ — | $ 5,283,100 | $ (5,195,800) | $ (49,200) | $ 38,100 | $ 1,500 | $ 39,600 |
| Net income | — | — | 77,900 | — | 77,900 | 200 | 78,100 |
| Other comprehensive income | — | — | — | 46,100 | 46,100 | — | 46,100 |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | — | (4,100) | — | — | (4,100) | — | (4,100) |
| Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | (5,100) | — | — | (5,100) | — | (5,100) |
| Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | 20,700 | — | — | 20,700 | — | 20,700 |
| Adoption of new accounting standards, net of tax | — | — | 66,900 | (2,500) | 64,400 | — | 64,400 |
| Noncontrolling interests | — | (4,700) | 1,300 | — | (3,400) | 200 | (3,200) |
| Balance, September 30, 2018 | $ — | $ 5,289,900 | $ (5,049,700) | $ (5,600) | $ 234,600 | $ 1,900 | $ 236,500 |
| Balance, December 31, 2018 | $ — | $ 5,292,500 | $ (5,122,800) | $ (35,500) | $ 134,200 | $ 2,600 | $ 136,800 |
| Net income | — | — | 192,400 | — | 192,400 | 200 | 192,600 |
| Other comprehensive loss | — | — | — | (92,900) | (92,900) | — | (92,900) |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | — | (1,300) | — | — | (1,300) | — | (1,300) |
| Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | (600) | — | — | (600) | — | (600) |
| Amounts related to Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | — | 17,600 | — | — | 17,600 | — | 17,600 |
| Adoption of new accounting standards, net of tax (See Note 1) | — | — | 10,700 | — | 10,700 | — | 10,700 |
| Other | — | 200 | — | — | 200 | (2,800) | (2,600) |
| Balance, September 30, 2019 | $ — | $ 5,308,400 | $ (4,919,700) | $ (128,400) | $ 260,300 | $ — | $ 260,300 |

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited and in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| Cash flows from operating activities: | | |
| Net income | $ 192,600 | $ 73,500 |
| Less: Loss from discontinued operations, net of tax | (13,700) | (116,400) |
| Income from continuing operations | 206,300 | 189,900 |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities: | | |
| Depreciation | 75,300 | 85,200 |
| Amortization of intangible assets | 39,600 | 40,500 |
| Amortization of deferred financing costs | 5,800 | 5,700 |
| Deferred income taxes | 64,000 | 48,400 |
| Non-cash deferred advertising commitments | (48,800) | (42,300) |
| Impairment loss | 8,900 | 37,400 |
| Share-based compensation | 17,600 | 14,100 |
| Loss (gain) on dispositions | 10,500 | (24,400) |
| Other non-cash items | (24,900) | (3,000) |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 15,200 | 60,700 |
| Program rights and prepayments | (23,800) | (12,300) |
| Prepaid expenses and other | (49,900) | (31,800) |
| Accounts payable and accrued liabilities | (69,900) | 50,500 |
| Deferred revenue | (14,100) | 19,800 |
| Other long-term liabilities | 3,200 | 1,600 |
| Other assets | (30,500) | (1,100) |
| Net cash provided by operating activities from continuing operations | 184,500 | 438,900 |
| Net cash provided by (used in) operating activities from discontinued operations | 2,400 | (11,400) |
| Net cash provided by operating activities | 186,900 | 427,500 |
| Cash flows from investing activities: | | |
| Capital expenditures | (50,800) | (44,500) |
| Disposition of assets | 12,000 | 12,400 |
| Investments and other acquisitions | — | (4,700) |
| Net cash used in investing activities from continuing operations | (38,800) | (36,800) |
| Net cash provided by (used in) investing activities from discontinued operations | 18,200 | (2,000) |
| Net cash used in investing activities | (20,600) | (38,800) |
| Cash flows from financing activities: | | |
| Proceeds from revolving debt | 300,000 | 494,000 |
| Payments of long-term debt and finance leases | (124,900) | (41,400) |
| Payments of revolving debt | (300,000) | (778,000) |
| Repurchase of common stock on behalf of Univision Holdings, Inc | (1,400) | (8,100) |
| Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees. | (600) | (5,100) |
| Acquisition of noncontrolling interests | — | (28,700) |
| Funding from (for) discontinued operations | 20,700 | (13,400) |
| Other | — | (400) |
| Net cash used in financing activities from continuing operations | (106,200) | (381,100) |
| Net cash (used in) provided by financing activities from discontinued operations | (20,700) | 13,400 |
| Net cash used in financing activities | (126,900) | (367,700) |
| Net increase in cash, cash equivalents, and restricted cash | 39,400 | 21,000 |
| Cash, cash equivalents, and restricted cash, beginning of period | 130,000 | 61,400 |
| Cash, cash equivalents, and restricted cash, end of period | $ 169,400 | $ 82,400 |

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 the *Univision* and *UniMás* broadcast networks; 10 cable networks, including *Galavisión* and *TUDN* (formerly known as the *Univision Deportes Network*); and 65 owned and operated television stations in major U.S. Hispanic markets and Puerto Rico. 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, now known as the *Uforia Audio Network*, includes 58 owned and operated radio stations; a live event series and the *Uforia* music application which includes the digital audio 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 services, 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.

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 sale of the English-language digital assets was completed in April 2019. The *Gizmodo Media Group* was 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.

*Basis of presentation*—The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States for interim financial statements. The interim financial statements are unaudited, but include all adjustments, which are of a normal recurring nature, that management considers necessary to fairly present the financial position, the results of operations and cash flows for such periods. Results of operations of interim periods are not necessarily indicative of results for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements in the Company's 2018 Year End Reporting Package. Certain immaterial prior-year amounts have been reclassified to conform to the current period presentation.

*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 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. The Company holds equity positions in several small early-stage entities which may not have readily

determinable fair values. For such securities, the Company utilizes the measurement alternative to carry these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer.

*Use of estimates*—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including impairments, during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and definite-lived intangibles; allowances for doubtful accounts; the valuation of derivatives, deferred tax assets, program rights and prepayments, fixed assets, lease assets and liabilities, 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.

*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 a deferred 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 the local 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.

Linear advertising revenue is recognized when advertising spots are aired 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, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. For impression-based digital advertising, revenue is recognized when "impressions" are delivered, while revenue from non-impression-based digital advertising is recognized over the period that the advertisements are displayed. "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 programming content of the Company's broadcast networks, cable networks and stations 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 and 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 by 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, for example, 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. Judgment 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 during which services are provided. 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 that the Company does not own (referred to as "affiliates") affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its 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. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. 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 total expected 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. In the event the Company decides not to air a program, the fair value of the corresponding asset would be zero.

*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.

*Recently adopted accounting guidance*— In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The amendments in this ASU provides guidance for accounting for leases. This update requires lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases of greater than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. As permitted, the Company elected to early adopt this ASU effective January 1, 2019. A modified retrospective transition method is required for all leases existing at, or entered into before, the date of initial adoption, with the option to use certain transition relief provided by ASU 2019-01. The Company elected to apply the modified retrospective transition provisions at the beginning of the period of adoption and did not retrospectively adjust the prior periods presented. See Note—4. *Operating Leases*.

In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. This ASU supersedes the guidance in ASC 505-50 and expands the scope of ASC 718 to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. As a result, most of the guidance in ASC 718 associated with employee share-based payments, including most of the requirements related to classification and measurement, applies to nonemployee share-based payment arrangements. The Company adopted ASU 2018-07 as of January 1, 2019. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

*Recent accounting guidance not yet adopted*—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 plans to adopt ASU 2016-13 effective January 1, 2020. The Company's investment in El Rey Holdings LLC ("El Rey") is comprised of available-for-sale securities which are measured at fair value. Some of these securities have significant accumulated losses recorded in other comprehensive income which will be reclassified to retained earnings upon adoption.

On August 28, 2018, the FASB issued ASU 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement which changes the fair value measurement disclosure requirements of ASC 820, Fair Value Measurement. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. The Company is evaluating the impact of ASU 2018-13 on its fair value disclosures.

On August 29, 2018, the FASB issued ASU 2018-15, Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is A Service Contract which addresses the accounting for implementation costs incurred in a cloud

computing arrangement ("CCA") that is a service contract. ASU 2018-15 aligns the accounting for costs incurred to implement a CCA that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. Specifically, the ASU 2018-15 amends ASC 350 to include in its scope implementation costs of a CCA that is a service contract and clarifies that a customer should apply ASC 350-40 to determine which implementation costs should be capitalized in a CCA that is considered a service contract. The Company plans to adopt ASU 2018-15 effective January 1, 2020 and does not anticipate the impact to be material.

In March 2019, the FASB issued ASU 2019-02, Improvements to Accounting for Costs of Films and License Agreements for Program Materials, to align the cost capitalization of episodic content produced for television and streaming services with the accounting for film production costs, 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, ASU 2019-02 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. ASU 2019-02 makes conforming amendments to Subtopic 920-350, Entertainment—Broadcasters—Intangibles—Goodwill and Other, to align its impairment and presentation and disclosure guidance with the FASB's decisions. The FASB also reached decisions on other items, including amortization, the cash flow presentation of payments for license agreements, transition and transition disclosures. ASU 2019-02 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, ASU 2019-02 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted. The Company plans to adopt ASU 2019-02 effective January 1, 2020. The Company anticipates that this ASU will change the current/non-current presentation of certain programming assets on its consolidated balance sheet and the presentation of programming asset amortization on its consolidated statement of cash flows.

*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 November 6, 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.

| | September 30, 2019 | December 31, 2018 | September 30, 2018 |
|---|---|---|---|
| Cash and cash equivalents | $ 167,500 | $ 128,300 | $ 80,300 |
| Restricted cash included in Prepaid expenses and other | 400 | 200 | 600 |
| Restricted cash included in Other assets | 1,500 | 1,500 | 1,500 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | $ 169,400 | $ 130,000 | $ 82,400 |

Amounts included in restricted cash as of September 30, 2019, December 31, 2018 and September 30, 2018 pertain to certain lease and grant arrangements.

## 3. Property and Equipment

Property and equipment consists of the following:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Land and improvements | $ 94,600 | $ 94,700 |
| Buildings and improvements | 362,900 | 371,500 |
| Broadcast equipment | 417,500 | 405,900 |
| Furniture, computer and other equipment | 282,100 | 269,000 |
| Land, building, transponder equipment and vehicles financed with finance leases | 103,100 | 103,100 |
| | 1,260,200 | 1,244,200 |
| Accumulated depreciation | (719,400) | (649,600) |
| Property and equipment | $ 540,800 | $ 594,600 |

Depreciation expense on property and equipment was $25.2 million and $75.3 million, respectively, for the three and nine months ended September 30, 2019. Depreciation expense on property and equipment was $27.6 million and $85.2 million, respectively, for the three and nine months ended September 30, 2018.

## 4. Leases

The Company adopted ASC 842 on January 1, 2019 using the modified retrospective approach and did not restate comparative periods. The Company applied the transition package of three practical expedients which allow companies not to reassess whether agreements contain leases, the classification of leases, and the capitalization of initial direct costs. The Company has also made an accounting policy election to recognize lease expense for leases with a term of 12 months or less on a straight-line basis over the lease term and will not recognize any right-of-use assets or lease liabilities for those leases. In addition, the Company elected the practical expedient on not separating lease components from non-lease components.

The primary financial statement impact upon adoption of ASC 842 was the recognition, on a discounted basis, of the Company's expected minimum commitments under noncancelable operating leases as right-of-use assets and obligations on the consolidated balance sheets. The adoption of ASC 842 resulted in the recognition of lease-related assets and liabilities of approximately $215.7 million and $245.0 million, respectively, as of January 1, 2019. At adoption, the right-of-use asset was reduced by cumulative straight-line rent liabilities and tenant improvement of approximately $18.6 million, restructuring-related amounts of $14.8 million, partially offset by other associated increases of approximately $4.1 million. In addition, at adoption, the Company recorded $10.7 million to retained earnings primarily related to a deferred gain associated with a prior-year sale-leaseback transaction.

The Company has numerous operating subleases which have been accounted for by reference to the underlying asset subject to the lease rather than by reference to their associated right-of-use asset. On an ongoing basis, the standard is not expected to have a material impact on the Company's net income or cash flows. For the three months ended September 30, 2019 and 2018, the Company recorded rent expense associated with operating leases of $7.3 million and $9.1 million, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded rent expense associated with operating leases of $24.0 million and $26.2 million, respectively. For the three months ended September 30, 2019 and 2018, the Company recorded sublease income associated with operating leases of $1.4 million and $0.7 million, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded sublease income associated with operating leases of $2.9 million and $2.0 million, respectively.

The Company applied the transition provisions of ASC 842 and utilized discount rates and lease terms as of the adoption date. Discount rates were consistent with the secured borrowings of companies with similar credit ratings and adjusted for the Company’s current issuing rates for senior secured debt. The weighted average discount rate for the Company’s leases was 7.59%. The weighted average remaining lease term is 7.0 years.

Fair value for the impairment of right-of-use assets are determined with Level 3 inputs by using the discounted cash flows associated with the head lease obligation and associated sublease income. For the three and nine months ended September 30, 2019, the Company recognized non-cash impairment losses in continuing operations of zero and $5.6 million related to operating lease right-of-use assets.

The expected future payments relating to the Company's operating and finance lease liabilities at September 30, 2019 are as follows:

| | Operating | Finance |
|---|---|---|
| 2019 (October 1 through December 31) | $ 10,200 | $ 2,500 |
| 2020 | 43,400 | 10,000 |
| 2021 | 40,600 | 8,800 |
| 2022 | 38,100 | 11,700 |
| 2023 | 34,800 | 8,100 |
| 2024 and thereafter | 154,200 | 76,800 |
| Total minimum payments | $ 321,300 | $ 117,900 |
| Less amounts representing interest | 86,700 | 52,800 |
| Present value of minimum payments | $ 234,600 | $ 65,100 |

## 5. Broadcast Incentive Auction and Channel-Sharing Arrangements

In connection with the Federal Communications Commission ("FCC") broadcast incentive auction, the Company agreed to sell certain spectrum assets in New York, Chicago and Philadelphia. The Company relinquished its spectrum rights in New York and Chicago in 2017. During the first quarter of 2018, the Company relinquished its spectrum right in Philadelphia and recorded a gain of $28.2 million. This gain represents the difference between the proceeds received and the carrying value of the related television broadcasting license for this 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.

Concurrently with the relinquishment of its spectrum assets, the Company 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. The Company is amortizing the prepaid channel-sharing rights agreements on a straight-line basis over an estimated economic life of 34 years. As of September 30, 2019, $3.5 million is recorded in "Prepaid expenses and other" and $109.1 million is recorded in "Other assets" on the Company's consolidated balance sheet. As of December 31, 2018, $3.5 million is recorded in "Prepaid expenses and other" and $111.8 million is recorded in "Other assets" on the Company's consolidated balance sheet.

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. As of September 30, 2019, $2.2 million is recorded in current "Deferred Revenue" and $71.0 million is recorded in noncurrent "Deferred Revenue". As of December 31, 2018, $2.2 million is recorded in current "Deferred Revenue" and $72.7 million is recorded in noncurrent "Deferred Revenue". The Company will recognize the deferred revenue associated with these channel-sharing rights agreements on a straight-line basis over an estimated economic life of 34 years.

## 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Accrued revenue obligations | $ 87,200 | $ 98,100 |
| Accrued compensation | 44,200 | 53,100 |
| Accrued license fees | 34,500 | 29,500 |
| Accrued interest | 34,400 | 44,200 |
| Interest rate swap liability | 24,400 | — |
| Program rights obligations | 17,200 | 17,000 |
| Accrued restructuring, severance and related charges | 5,100 | 33,800 |
| Other accounts payable and accrued liabilities | 106,800 | 142,000 |
| | $ 353,800 | $ 417,700 |

*Restructuring, Severance and Related Charges*

The Company's restructuring, severance and related charges, net of reversals from continuing operations, for the three and nine months ended September 30, 2019 and 2018 are summarized below.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Restructuring: | | | | |
| Activities initiated in 2017 | $ 11,000 | $ 54,800 | $ 24,300 | $ 97,100 |
| Severance for individual employees and related charges | — | 100 | — | (400) |
| Total | $ 11,000 | $ 54,900 | $ 24,300 | $ 96,700 |

The restructuring activities initiated in 2017 are intended to rationalize costs. 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 the Company's restructuring activities could extend into 2020. Additional charges cannot be estimated but are not expected to be material.

The following tables present the restructuring charges, net of reversals, from continuing operations by segment during the three and nine months ended September 30, 2019 and 2018.

| | Three Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | Employee Termination Benefits | Contract Termination Costs/Other | Total | Employee Termination Benefits | Contract Termination Costs/Other | Total |
| **Charges Resulting From Restructuring Activities Initiated in 2017** | | | | | | |
| Media Networks | $ 3,600 | $ 3,300 | $ 6,900 | $ 6,300 | $ 8,200 | $ 14,500 |
| Radio | 100 | 300 | 400 | 1,100 | 400 | 1,500 |
| Corporate | 100 | 3,600 | 3,700 | 1,900 | 6,400 | 8,300 |
| Consolidated | $ 3,800 | $ 7,200 | $ 11,000 | $ 9,300 | $ 15,000 | $ 24,300 |

| | Three Months Ended September 30, 2018 | | | Nine Months Ended September 30, 2018 | | |
|---|---|---|---|---|---|---|
| | Employee Termination Benefits | Contract Termination Costs/Other | Total | Employee Termination Benefits | Contract Termination Costs/Other | Total |
| **Charges Resulting From Restructuring Activities Initiated in 2017** | | | | | | |
| Media Networks | $ 25,800 | $ 1,900 | $ 27,700 | $ 39,500 | $ 7,200 | $ 46,700 |
| Radio | 2,600 | — | 2,600 | 3,600 | 100 | 3,700 |
| Corporate | 17,700 | 6,800 | 24,500 | 28,400 | 18,300 | 46,700 |
| Consolidated | $ 46,100 | $ 8,700 | $ 54,800 | $ 71,500 | $ 25,600 | $ 97,100 |

In addition to restructuring activities initiated in 2017, the Company had restructuring activities related to continuing operations initiated prior to 2017, which 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 following tables present the activity in the restructuring liabilities for the nine months ended September 30, 2019 and 2018:

| | Accrued Restructuring as of December 31, 2018 | Restructuring Expense | Reversals | Cash Payments and Other | Accrued Restructuring as of September 30, 2019 |
|---|---|---|---|---|---|
| **Restructuring Activities Initiated Prior to 2017** | | | | | |
| Contract termination costs/other | $ 1,600 | $ — | $ — | $ (1,600) | $ — |
| **Restructuring Activities Initiated in 2017** | | | | | |
| Employee termination benefits | 26,400 | 11,400 | (2,100) | (30,600) | 5,100 |
| Contract termination costs/other | 17,700 | 15,000 | — | (32,700) | — |
| Total | $ 45,700 | $ 26,400 | $ (2,100) | $ (64,900) | $ 5,100 |

| | Accrued Restructuring as of December 31, 2017 | Restructuring Expense | Reversals | Cash Payments and Other | Accrued Restructuring as of September 30, 2018 |
|---|---|---|---|---|---|
| **Restructuring Activities Initiated Prior to 2017** | | | | | |
| Employee termination benefits | $ 3,000 | $ — | $ — | $ (3,000) | $ — |
| Contract termination costs/other | 4,200 | — | — | (2,200) | 2,000 |
| **Restructuring Activities Initiated in 2017** | | | | | |
| Employee termination benefits | 7,700 | 73,400 | (1,900) | (38,300) | 40,900 |
| Contract termination costs/other | — | 25,600 | — | (11,200) | 14,400 |
| Total | $ 14,900 | $ 99,000 | $ (1,900) | $ (54,700) | $ 57,300 |

Employee termination benefits accrued as of September 30, 2019 are expected to be paid within twelve months from September 30, 2019. 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.

## 7. Revenue Contract Balances

*Contract Liabilities*

For certain contractual arrangements, the Company receives cash consideration prior to providing the associated services resulting in deferred revenue recognition. In addition, the Company has recorded non-cash 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:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Media Networks: | | |
| Televisa deferred advertising | $ 47,200 | $ 55,100 |
| Other deferred revenue | 16,900 | 30,800 |
| Total current deferred revenue | 64,100 | 85,900 |
| Media Networks: | | |
| Televisa deferred advertising | 274,900 | 315,800 |
| Channel-sharing deferred revenue | 71,000 | 72,600 |
| Other deferred revenue | 1,400 | — |
| Total non-current deferred revenue | 347,300 | 388,400 |
| Total deferred revenue | $ 411,400 | $ 474,300 |

During the three and nine months ended September 30, 2019, $29.7 million and $75.4 million of revenue was recognized that was included in the deferred revenue balance at December 31, 2018. During the three and nine months ended September 30, 2018, $21.0 million and $65.7 million of revenue was recognized that was included in the deferred revenue balance at December 31, 2017.

*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 $98.1 million and $38.1 million of contract assets as of September 30, 2019 and December 31, 2018, respectively, recorded in Prepaid expenses and other and in Other assets.

## 8. Program Rights and Prepayments

For the three months and nine months ended September 30, 2019, the Company recognized non-cash impairment losses of $2.2 million and $3.2 million in continuing operations, respectively, related to the write-down of program rights for content which will no longer be aired. For the three and nine months ended September 30, 2018, the Company recognized impairment losses of $19.6 million and $37.3 million, respectively, related to the write-down of program rights for content which will no longer be aired.

## 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, 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*.

*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. The Company holds equity positions in several small early-stage entities which may not have readily determinable fair values. For such securities, the Company utilizes the measurement alternative to carry these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. See Note—10. *Investments*.

*Fair Value of Debt Instruments*—The carrying value and fair value of the Company's debt instruments as of September 30, 2019 and December 31, 2018 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 secured 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 September 30, 2019 | |
|---|---|---|
| | Carrying Value | Fair Value |
| Bank senior secured revolving credit facility maturing in 2022 | $ — | $ — |
| Bank senior secured term loan facility maturing in 2024 | 4,243,100 | 4,121,100 |
| Senior secured notes—6.75% due 2022 | 357,900 | 362,500 |
| Senior secured notes—5.125% due 2023 | 1,196,800 | 1,196,700 |
| Senior secured notes—5.125% due 2025 | 1,473,800 | 1,436,200 |
| Accounts receivable facility maturing in 2022 | 100,000 | 100,000 |
| | $ 7,371,600 | $ 7,216,500 |

| | 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 |

## 10. Investments

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

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Equity method investments | $ 79,500 | $ 82,400 |
| Entravision | 29,700 | 27,200 |
| Other investments | 10,400 | 10,500 |
| Total investments | $ 119,600 | $ 120,100 |

As of September 30, 2019 and December 31, 2018, 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% ownership 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 three and nine months ended September 30, 2019, the Company recognized equity loss of $0.6 million and equity income of $2.3 million, respectively, related to its share of El Rey's net loss and net income, respectively. During the three and nine months ended September 30, 2018, the Company recognized equity loss of $2.0 million and equity income of $13.4 million, respectively, related to its share of El Rey's net loss and net income, respectively.

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 three and nine months ended September 30, 2019, the Company recorded unrealized losses of approximately $3.0 million and $12.5 million, respectively, to other comprehensive loss to adjust the convertible debt, including all interest, to its estimated fair value of $78.0 million. For the three and nine months ended September 30, 2018, the Company recorded unrealized losses of approximately $1.2 million and $22.8 million, respectively, to other comprehensive income to adjust the convertible debt, including all interest, to its estimated fair value of $67.5 million. For the three and nine months ended September 30, 2019, the Company recorded interest income of $3.5 million and $10.2 million, respectively, related to the convertible debt. For the three and nine months ended September 30, 2018, the Company recorded interest income of $3.2 million and $9.4 million, respectively, related to the convertible debt. As of September 30, 2019, and December 31, 2018, the Company's net investment balance in El Rey was $78.0 million.

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.

*Entravision*

At September 30, 2019, the Company held 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 fair value of the Company's investment in Entravision as of September 30, 2019 is $29.7 million. For the three and nine months ended September 30, 2019, the Company recognized a non-cash gain of $0.5 million and $2.5 million, respectively, related to Entravision's change in fair value. For the three and nine months ended September 30, 2018, the Company recognized a non-cash loss of $0.9 million and $21.0 million, respectively, related to Entravision's change in fair value.

*Other Investments*

The Company holds equity positions in several small early-stage entities which may not have readily determinable fair values. For the three and nine months ended September 30, 2019, the Company recorded net loss of $0.1 million and net gain of $8.9 million, respectively, in Other, within the Company's statement of consolidated operations primarily as a result of an investment's financing transaction. For the three and nine months ended September 30, 2018, the Company recorded net gain of $5.7 million, in Other, within the Company's statement of consolidated operations primarily as a result of an investment's financing transaction.

## 11. Discontinued Operations

The Company sold its English-language digital assets in April 2019 with proceeds of approximately $18.9 million. 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.

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. The Company recorded impairments of zero and $11.5 million for the three and nine months ended September 30, 2019, associated with right-of-use assets retained from the English-language digital business, and included in Other charges including impairment and restructuring.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | $ — | $ 20,500 | $ 15,900 | $ 57,400 |
| Direct operating expenses | — | 9,400 | 9,700 | 35,400 |
| Selling, general and administrative expenses | — | 10,300 | 12,200 | 35,200 |
| Other charges including impairment and restructuring | — | 129,500 | 12,700 | 138,900 |
| Operating loss | — | (128,700) | (18,700) | (152,100) |
| Other | — | 1,300 | 400 | 2,800 |
| Loss before income taxes | — | (130,000) | (19,100) | (154,900) |
| Benefit for income taxes | — | (33,900) | (5,400) | (38,500) |
| Loss from discontinued operations, net of income taxes | $ — | $ (96,100) | $ (13,700) | $ (116,400) |

The major classes of assets and liabilities of the Company's discontinued operations as of September 30, 2019 and December 31, 2018 are included in the following table:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Accounts receivable, net and other | $ — | $ 18,700 |
| Property and equipment, net | — | 7,700 |
| Total current assets held for sale | $ — | $ 26,400 |
| | | |
| Accounts payable and accrued liabilities | $ — | $ 2,200 |
| Other long-term liabilities | — | 1,300 |
| Total current liabilities held for sale | $ — | $ 3,500 |

During the third quarter of 2018, the Company recognized a pre-tax, non-cash impairment charge of approximately $125.2 million on goodwill and intangible assets. For the three and nine months ended September 30, 2018, zero and $5.6 million, respectively, of the "Loss before income taxes" was attributable to noncontrolling interests.

## 12. Related Party Transactions

### Original Sponsors

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 the UHI's governing documents and (ii) amending the UHI's governing documents. There were no significant out-of-pocket expenses for the three and nine months ended September 30, 2019 and 2018.

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.

UHI has a consulting arrangement with an entity controlled by the Chairman of the Board of Directors. The Company did not recognize any expense related to this arrangement in the three and nine months ended September 30, 2019 and 2018.

### Televisa

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

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. 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 September 30, 2019 and December 31, 2018 was $322.1 million and $370.9 million, respectively, based on the fair value of the Company's advertising commitments at the dates the Prior PLA and the 2011 PLA were entered into. These amounts are recorded as deferred revenue (see Note—7. *Revenue Contract Balances*). For the three and nine months ended September 30, 2019, the Company satisfied its commitment for the period resulting in revenue recognized of $8.0 million and $34.1 million, respectively. For the three and nine months ended September 30, 2018, the Company satisfied its commitment for the period resulting in revenue recognized of $13.8 million and $42.3 million, respectively. During the second quarter of 2019, the Company and Televisa agreed to a reduction in deferred advertising commitments specific to fiscal 2019, which resulted in a $14.7 million reduction to other direct operating expense during the nine months ended September 30, 2019.

Effective January 1, 2018, Televisa received royalties based on 16.13% of substantially all of the Company's Spanish language media networks revenue, and on June 1, 2018, the rate further increased to the current rate of 16.45% in effect until the expiration of the PLA. Additionally, Televisa receives an incremental 2.0% in royalty payments above the contractual revenue base ($1.66 billion

which decreased to $1.63 billion in June 2018). 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 Univision's common stock.

For the three and nine months ended September 30, 2019, the Company's license fees to Televisa were $94.3 million and $275.0 million, respectively. For the three and nine months ended September 30, 2018, the Company's license fees to Televisa were $82.6 million and $275.0 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 $34.5 million and $29.5 million as of September 30, 2019 and December 31, 2018, respectively.

*Other Televisa Transactions*

From time to time an affiliate of the Company enters into licensing agreements with Televisa to provide Televisa the right to exhibit certain Spanish-language programming in Latin America outside of Mexico. In addition, the Company and Televisa have established a cost-sharing arrangement for certain sports properties. During the nine months ended September 30, 2019, Televisa reimbursed the Company for approximately $3.3 million of sports-related production costs.

During the second quarter of 2019, the Company agreed to transfer its share of the net assets of a production venture to Televisa for one dollar. The Company recorded a loss of $2.7 million for the nine months ended September 30, 2019 related to this transfer.

**Univision Holdings, Inc.**

During the three and nine months ended September 30, 2019, the Company repurchased common stock on behalf of UHI of $0.1 million and $1.4 million, respectively, and made tax payments related to net share settlement on UHI equity awards to Univision employees of $0.6 million, in both periods. During the three months ended September 30, 2018, the Company repurchased common stock on behalf of UHI of $7.5 million and made tax payments related to net share settlement on UHI equity awards to Univision employees of $4.7 million. During the nine months ended September 30, 2018, the Company repurchased common stock on behalf of UHI of $8.1 million and made tax payments related to net share settlement on UHI equity awards to Univision employees of $5.1 million.

**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 three and nine months ended September 30, 2019, the Company recognized $2.2 million and $7.4 million, respectively, for the management fee and reimbursement of costs. During the three and nine months ended September 30, 2018, the Company recognized $2.8 million and $9.7 million, respectively, for the management fee and reimbursement of costs. As of September 30, 2019, and December 31, 2018, the Company has a receivable of $1.2 million and $1.6 million, respectively, related to these management fees and reimbursement of costs.

## 13. Debt

Long-term debt consists of the following:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Bank senior secured revolving credit facility maturing in 2022 | $ — | $ — |
| Bank senior secured term loan facility maturing in 2024 | 4,243,100 | 4,360,700 |
| Senior secured notes—6.75% due 2022 | 357,900 | 357,800 |
| Senior secured notes—5.125% due 2023 | 1,196,800 | 1,196,500 |
| Senior secured notes—5.125% due 2025 | 1,473,800 | 1,472,900 |
| Accounts receivable facility maturing in 2022 | 100,000 | 100,000 |
| Finance lease obligations | 65,200 | 70,700 |
| | 7,436,800 | 7,558,600 |
| Less current portion | (6,400) | (117,700) |
| Long-term debt and finance lease obligations | $ 7,430,400 | $ 7,440,900 |

Approximately $25.1 million and $29.4 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 September 30, 2019 and December 31, 2018, respectively. At September 30, 2019 and December 31, 2018, Other Assets includes $4.3 million and $5.7 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 September 30, 2019. The difference between principal and carrying value is made up of the $25.1 million of deferred financing costs discussed above partially offset by $3.0 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 | 4,258,700 | (15,600) | 4,243,100 |
| Senior secured notes—6.75% due 2022 | 357,800 | 100 | 357,900 |
| Senior secured notes—5.125% due 2023 | 1,197,800 | (1,000) | 1,196,800 |
| Senior secured notes—5.125% due 2025 | 1,479,400 | (5,600) | 1,473,800 |
| Accounts receivable facility maturing in 2022 | 100,000 | — | 100,000 |
| Finance lease obligations | 65,200 | — | 65,200 |
| | $ 7,458,900 | $ (22,100) | $ 7,436,800 |

At September 30, 2019, there were no loans outstanding on the bank senior secured revolving credit facility, and after giving effect to outstanding letters of credit of $11.5 million, the Company had $838.5 million available under its revolving credit facility. For the nine months ended September 30, 2019, the effective interest rate related to the Company's senior secured term loans in total was 5.11% including the impact of the interest rate swaps and 5.22% excluding the impact of the interest rate swaps.

The accounts receivable 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 September 30, 2019, the amount outstanding under the accounts receivable facility was $100.0 million and the interest rate was 3.54%. In addition, at September 30, 2019 there was $66.0 million outstanding letters of credit against the accounts receivable revolving component resulting in $234.0 million available under this facility.

## 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 September 30, 2019, the Company has seven effective cash flow hedges. During the second quarter of 2019, the Company entered into three new interest rate swaps which effectively convert the interest payable on $750 million of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 1.86% through June 2021. The Company also continues to maintain two interest rate swaps which 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 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 to extend the Company's hedge of LIBOR with a 1% floor from February 2020 through February 2024.

| | Number of Instruments | Current Notional (in whole dollars) |
|---|---|---|
| Interest Rate Derivatives | | |
| Interest Rate Swap Contracts (current through June 2021) | 3 | $ 750,000,000 |
| 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 September 30, 2019 | As of December 31, 2018 |
|---|---|---|---|
| Derivatives Designated as Hedging Instruments | | | |
| Interest Rate Swap Contracts—Non-Current Assets | Other assets | $ — | $ 8,300 |
| Interest Rate Swap Contracts — Current Liabilities | Accounts payables and accrued liabilities | $ 24,400 | $ — |
| Interest Rate Swap Contracts—Non-Current Liabilities | Other long-term liabilities | $ 102,700 | $ 27,200 |

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 September 30, 2019 and December 31, 2018 would include a net liability of $127.1 million and $18.9 million, respectively. As of September 30, 2019, 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 September 30, 2019, it could have been required to settle its obligations under the agreements at their termination value of $137.9 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 three and nine months ended September 30, 2019 and 2018:

| 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 on the Statement of Operations | |
|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | | 2019 | 2018 | 2019 | 2018 |
| For the three months ended September 30, …… | $ (21,400) | $ 12,300 | Interest expense | $ 2,100 | $ 200 | $ 95,000 | $ 98,300 |
| For the nine months ended September 30,……. | $ (104,600) | $ 81,000 | Interest expense | $ 7,700 | $ (3,200) | $ 288,400 | $ 293,200 |

(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 the three and nine months ended September 30, 2019, the Company amortized approximately $1.5 million and $4.5 million, respectively, of unrealized gains on hedging activities from AOCLI into interest expense. For the three and nine months ended September 30, 2018, the Company amortized approximately $1.5 million and $4.5 million, respectively, of unrealized gains on hedging activities from AOCLI into interest expense.

During the next twelve months, from September 30, 2019, approximately $24.2 million of net unrealized losses 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 (Loss) Income

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 nine months ended September 30, 2019 and 2018, 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, 2017 | $ (70,200) | $ 25,900 | $ (4,900) | $ (49,200) |
| Other comprehensive income (loss) before reclassifications | 65,600 | (16,900) | 400 | 49,100 |
| Amounts reclassified from accumulated other comprehensive loss | (3,000) | — | — | (3,000) |
| Net other comprehensive income (loss) | 62,600 | (16,900) | 400 | 46,100 |
| Adoption of new accounting standard | (7,900) | 5,400 | — | (2,500) |
| Balance as of September 30, 2018 | $ (15,500) | $ 14,400 | $ (4,500) | $ (5,600) |

| | Gains and (Losses) on Hedging Activities | Gains and (Losses) on Available-for-Sale Securities | Currency Translation Adjustment | Total |
|---|---|---|---|---|
| Balance as of December 31, 2018 | $ (52,900) | $ 22,300 | $ (4,900) | $ (35,500) |
| Other comprehensive (loss) income before reclassifications | (80,400) | (9,300) | (200) | (89,900) |
| Amounts reclassified from accumulated other comprehensive loss | (3,000) | — | — | (3,000) |
| Net other comprehensive (loss) income | (83,400) | (9,300) | (200) | (92,900) |
| Balance as of September 30, 2019 | $ (136,300) | $ 13,000 | $ (5,100) | $ (128,400) |

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

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Pretax | Tax (provision) benefit | Net of tax | Pretax | Tax (provision) benefit | Net of tax |
| **Three months ended September 30,** | | | | | | |
| Unrealized (loss) gain on hedging activities | $ (22,100) | $ 5,700 | $ (16,400) | $ 13,400 | $ (3,500) | $ 9,900 |
| Amortization of unrealized gain on hedging activities | (1,400) | 300 | (1,100) | (1,300) | 300 | (1,000) |
| Unrealized loss on available-for-sale-securities | (3,000) | 800 | (2,200) | (1,200) | 400 | (800) |
| Currency translation adjustment | (400) | — | (400) | 400 | — | 400 |
| Other comprehensive (loss) income | $ (26,900) | $ 6,800 | $ (20,100) | $ 11,300 | $ (2,800) | $ 8,500 |
| **Nine months ended September 30,** | | | | | | |
| Unrealized (loss) gain on hedging activities | $ (108,300) | $ 27,900 | $ (80,400) | $ 88,400 | $ (22,800) | $ 65,600 |
| Amortization of unrealized gain on hedging activities | (4,000) | 1,000 | (3,000) | (4,000) | 1,000 | (3,000) |
| Unrealized loss on available-for-sale-securities | (12,500) | 3,200 | (9,300) | (22,800) | 5,900 | (16,900) |
| Currency translation adjustment | (200) | — | (200) | 400 | — | 400 |
| Other comprehensive (loss) income | $ (125,000) | $ 32,100 | $ (92,900) | $ 62,000 | $ (15,900) | $ 46,100 |

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) income.

## 16. Income Taxes

The Company's current estimated effective tax rate as of September 30, 2019 was approximately 24%, 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. The Company's estimated effective tax rate as of September 30, 2018 was approximately 24%, which differed from the statutory rate, primarily due to permanent tax differences and discrete items, partially offset by the impact of state and local taxes.

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

**17. Share-Based Compensation**

On December 1, 2010, UHI established the 2010 Equity Incentive Plan, which was adopted to attract, retain and motivate officers and employees of, consultants to, and non-employee directors of the Company.

During the three and nine months ended September 30, 2019, the Company recorded share-based compensation expense of $6.4 million and $17.6 million, respectively. During the three and nine months ended September 30, 2018, the Company recorded share-based compensation expense of $4.0 million and $14.1 million, respectively.

The Company granted 121,519 stock options during the nine month period ended September 30, 2019 at a weighted average exercise price of $126.46. The weighted-average grant-date fair value of options granted during the nine months ended September 30, 2019 was $32.29. The total intrinsic value of options exercised during the nine months ended September 30, 2019 was $0.1 million. Approximately 80% of the Company's stock options vest over periods of between three and five years. The remaining 20% of stock options vest only upon a change in control and therefore no compensation expense is recorded until such event occurs. As of September 30, 2019, total unrecognized compensation cost related to unvested stock option awards that will vest upon satisfaction of service conditions is $12.3 million, which is expected to be recognized over a weighted-average period of 1.7 years. For grants made during the nine months ended September 30, 2019, the volatility was 71.0%, the dividend yield was 0.00%, the expected term was 2.6 years, and the risk-free interest rate was 2.48%. The Company calculated volatility based on an assessment of volatility for the Company's selected peer group, adjusted for the Company's leverage.

The Company granted 257,079 restricted stock units during the nine month period ended September 30, 2019. 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. Total unrecognized compensation cost related to unvested restricted stock units as of September 30, 2019 is $25.3 million, which is expected to be recognized over a weighted-average period of 1.9 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.

*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 finance lease obligations for land and facilities and for its transponders that are used to transmit and receive its network signals.

**19. 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 the *Univision* and *UniMás* broadcast networks; 10 cable networks, including *Galavisión* and *TUDN*; 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, 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. The sale of the English-language digital assets was completed in April 2019.

The Radio segment, now known as the *Uforia Audio Network*, includes the Company's owned and operated radio stations; a live event series; and the *Uforia* music application which includes the digital audio 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, other corporate departments and executive function 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 reflected in the disclosures below illustrate 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 following table:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Disaggregated revenues: | | | | |
| Advertising: | | | | |
| Media Networks | $ 322,400 | $ 315,800 | $ 956,600 | $ 971,600 |
| Radio | 60,400 | 62,900 | 167,100 | 174,900 |
| Total | $ 382,800 | $ 378,700 | $ 1,123,700 | $ 1,146,500 |
| Subscription: | | | | |
| Media Networks | $ 256,600 | $ 206,200 | $ 758,100 | $ 767,900 |
| Total | $ 256,600 | $ 206,200 | $ 758,100 | $ 767,900 |
| Content licensing: | | | | |
| Media Networks | $ 13,300 | $ 7,800 | $ 24,300 | $ 13,900 |
| Total | $ 13,300 | $ 7,800 | $ 24,300 | $ 13,900 |
| Other: | | | | |
| Media Networks | $ 23,900 | $ 32,000 | $ 77,800 | $ 88,500 |
| Radio | 4,800 | 3,500 | 11,100 | 8,500 |
| Total | $ 28,700 | $ 35,500 | $ 88,900 | $ 97,000 |
| Revenue: | | | | |
| Media Networks | $ 616,200 | $ 561,800 | $ 1,816,800 | $ 1,841,900 |
| Radio | 65,200 | 66,400 | 178,200 | 183,400 |
| Consolidated | $ 681,400 | $ 628,200 | $ 1,995,000 | $ 2,025,300 |
| Depreciation and amortization: | | | | |
| Media Networks | $ 32,200 | $ 33,300 | $ 95,600 | $ 102,300 |
| Radio | 1,400 | 1,600 | 4,200 | 5,200 |
| Corporate | 4,800 | 6,200 | 15,100 | 18,200 |
| Consolidated | $ 38,400 | $ 41,100 | $ 114,900 | $ 125,700 |
| Operating income (loss): | | | | |
| Media Networks | $ 214,800 | $ 152,300 | $ 618,300 | $ 646,700 |
| Radio | 15,900 | 17,600 | 31,800 | 40,300 |
| Corporate | (35,300) | (56,500) | (102,700) | (144,700) |
| Consolidated | $ 195,400 | $ 113,400 | $ 547,400 | $ 542,300 |
| Adjusted OIBDA: | | | | |
| Media Networks | $ 260,000 | $ 228,800 | $ 745,400 | $ 811,200 |
| Radio | 18,000 | 22,000 | 38,600 | 50,900 |
| Corporate | (21,000) | (19,800) | (57,000) | (68,300) |
| Consolidated | $ 257,000 | $ 231,000 | $ 727,000 | $ 793,800 |
| Capital expenditures: | | | | |
| Media Networks | $ 5,300 | $ 8,400 | $ 37,700 | $ 32,500 |
| Radio | 300 | 100 | 800 | 1,000 |
| Corporate | 3,300 | 2,700 | 12,300 | 11,000 |
| Consolidated | $ 8,900 | $ 11,200 | $ 50,800 | $ 44,500 |

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Total assets: | | |
| Media Networks | $ 7,883,100 | $ 7,789,900 |
| Radio | 587,200 | 570,600 |
| Corporate | 869,600 | 785,200 |
| Consolidated | $ 9,339,900 | $ 9,145,700 |

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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Income from continuing operations | $ 77,400 | $ 12,400 | $ 206,300 | $ 189,900 |
| Provision for income taxes | 24,400 | 5,800 | 65,100 | 60,000 |
| Income before income taxes | 101,800 | 18,200 | 271,400 | 249,900 |
| Other expense (income): | | | | |
| Interest expense | 95,000 | 98,300 | 288,400 | 293,200 |
| Interest income | (3,400) | (3,300) | (10,200) | (9,500) |
| Amortization of deferred financing costs | 2,000 | 1,900 | 5,800 | 5,700 |
| Other[a] | — | (1,700) | (8,000) | 3,000 |
| Operating income | 195,400 | 113,400 | 547,400 | 542,300 |
| Depreciation and amortization | 38,400 | 41,100 | 114,900 | 125,700 |
| Impairment loss[b] | 2,300 | 19,700 | 8,900 | 37,400 |
| Restructuring, severance and related charges | 11,000 | 54,900 | 24,300 | 96,700 |
| Loss (gain) on dispositions[c] | 1,600 | (2,500) | 10,500 | (24,400) |
| Share-based compensation | 6,400 | 4,000 | 17,600 | 14,100 |
| Other adjustments[d] | 1,900 | 400 | 3,400 | 2,000 |
| **Adjusted OIBDA** | $ 257,000 | $ 231,000 | $ 727,000 | $ 793,800 |

(a) Other is primarily comprised of (income) loss arising from the Company's investments.

(b) Impairment loss is comprised of the write-down of program rights due to decisions not to air or revised estimates of ultimate revenue in the Media Networks segment and charges on certain lease assets.

(c) Loss (gain) on dispositions primarily relates to the write-off of facility-related assets. In the first quarter of 2018, the Company recognized a gain related to the sale of a portion of the Company's spectrum assets in the FCC's broadcast incentive auction.

(d) Other adjustments is primarily comprised of transaction and letter of credit fees.

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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Consolidated revenue | $ 681,400 | $ 628,200 | $ 1,995,000 | $ 2,025,300 |
| Less: | | | | |
| Radio segment revenue (including Radio digital revenue) | (65,200) | (66,400) | (178,200) | (183,400) |
| Other adjustments to arrive at revenue included in royalty base | (36,300) | (46,100) | (124,500) | (129,700) |
| Royalty base used to calculate Televisa license fee | $ 579,900 | $ 515,700 | $ 1,692,300 | $ 1,712,200 |

**20. 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 secured 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 secured 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 secured 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)***

| | September 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Parent Company | Guarantor Subsidiaries | Receivable Facility | Non-Guarantors | Eliminations | Consolidated |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ — | $ 165,600 | $ — | $ 1,900 | $ — | $ 167,500 |
| Accounts receivable, net | — | 47,600 | 550,800 | 1,200 | (300) | 599,300 |
| Program rights and prepayments | — | 193,100 | — | — | — | 193,100 |
| Prepaid expenses and other | — | 121,700 | — | 700 | — | 122,400 |
| Total current assets | — | 528,000 | 550,800 | 3,800 | (300) | 1,082,300 |
| Property and equipment, net | — | 538,100 | — | 2,700 | — | 540,800 |
| Intangible assets, net | — | 2,599,300 | — | — | — | 2,599,300 |
| Goodwill | — | 4,591,800 | — | — | — | 4,591,800 |
| Program rights and prepayments | — | 48,300 | — | — | — | 48,300 |
| Investments | — | 119,600 | — | — | — | 119,600 |
| Investments in consolidated subsidiaries | 7,689,900 | — | — | — | (7,689,900) | — |
| Operating lease right-of-use assets | — | 184,400 | — | 1,200 | — | 185,600 |
| Other assets | 3,200 | 167,700 | 1,100 | 200 | — | 172,200 |
| Total assets | $ 7,693,100 | $ 8,777,200 | $ 551,900 | $ 7,900 | $ (7,690,200) | $ 9,339,900 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | $ 58,500 | $ 293,200 | $ 300 | $ 2,200 | $ (400) | $ 353,800 |
| Deferred revenue | — | 64,100 | — | — | — | 64,100 |
| Current operating lease liabilities | — | 45,300 | — | 700 | — | 46,000 |
| Current portion of long-term debt and finance lease obligations | — | 6,400 | — | — | — | 6,400 |
| Total current liabilities | 58,500 | 409,000 | 300 | 2,900 | (400) | 470,300 |
| Long-term debt and finance lease obligations | 7,271,600 | 58,800 | 100,000 | — | — | 7,430,400 |
| Deferred tax liabilities, net | — | 486,400 | — | (800) | — | 485,600 |
| Deferred revenue | — | 347,300 | — | — | — | 347,300 |
| Noncurrent operating lease liabilities | — | 188,100 | — | 500 | — | 188,600 |
| Other long-term liabilities | 102,700 | 54,700 | — | — | — | 157,400 |
| Total liabilities | 7,432,800 | 1,544,300 | 100,300 | 2,600 | (400) | 9,079,600 |
| Stockholder's equity: | | | | | | |
| Common stock | — | — | — | — | — | — |
| Additional paid-in-capital | 5,308,400 | 7,146,300 | — | 2,000 | (7,148,300) | 5,308,400 |
| Due (from) to parent | — | (1,764,600) | 583,700 | 37,900 | 1,143,000 | — |
| Accumulated (deficit) retained earnings | (4,919,700) | 1,851,600 | (132,100) | (29,000) | (1,690,500) | (4,919,700) |
| Accumulated other comprehensive loss | (128,400) | (400) | — | (5,600) | 6,000 | (128,400) |
| Total Univision Communications Inc. and subsidiaries stockholder's equity | 260,300 | 7,232,900 | 451,600 | 5,300 | (7,689,800) | 260,300 |
| Noncontrolling interest | — | — | — | — | — | — |
| Total stockholder's equity | 260,300 | 7,232,900 | 451,600 | 5,300 | (7,689,800) | 260,300 |
| Total liabilities and stockholder's equity | $ 7,693,100 | $ 8,777,200 | $ 551,900 | $ 7,900 | $ (7,690,200) | $ 9,339,900 |

| | 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** | | | | | | |
| 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 finance 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 finance 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: | | | | | | |
| Common stock | — | — | — | — | — | — |
| Additional paid-in-capital | 5,292,500 | 7,146,300 | — | 3,800 | (7,150,100) | 5,292,500 |
| Due (from) 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 | (35,500) | (20,000) | — | (5,000) | 25,000 | (35,500) |
| Total Univision Communications Inc. and subsidiaries stockholder's equity | 134,200 | 7,100,800 | 467,400 | 14,300 | (7,582,500) | 134,200 |
| Noncontrolling interest | — | — | — | 2,600 | — | 2,600 |
| Total stockholder's equity | 134,200 | 7,100,800 | 467,400 | 16,900 | (7,582,500) | 136,800 |
| Total liabilities and stockholder's equity | $ 7,593,200 | $ 8,564,000 | $ 567,700 | $ 29,800 | $ (7,582,600) | $ 9,172,100 |

***Condensed Consolidating Statements of Operations (in thousands)***

| | For the three months ended September 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Parent Company | Guarantor Subsidiaries | Receivable Facility | Non-Guarantors | Eliminations | Consolidated |
| Revenue | $ — | $ 679,700 | $ — | $ 6,300 | $ (4,600) | $ 681,400 |
| Direct operating expenses | — | 251,800 | — | 3,900 | — | 255,700 |
| Selling, general and administrative expenses | — | 178,700 | — | 2,000 | (3,700) | 177,000 |
| Impairment loss | — | 2,300 | — | — | — | 2,300 |
| Restructuring, severance and related charges | — | 11,000 | — | — | — | 11,000 |
| Depreciation and amortization | — | 38,300 | — | 100 | — | 38,400 |
| Loss on dispositions | — | 1,600 | — | — | — | 1,600 |
| Operating income (loss) | — | 196,000 | — | 300 | (900) | 195,400 |
| Other expense (income): | | | | | | |
| Equity in income of consolidated subsidiaries | (172,400) | — | — | — | 172,400 | — |
| Interest expense | 93,100 | 900 | 1,000 | — | — | 95,000 |
| Interest income | — | (3,400) | — | — | — | (3,400) |
| Amortization of deferred financing costs | 1,900 | — | 100 | — | — | 2,000 |
| Other | — | (300) | 400 | (100) | — | — |
| Income (loss) from continuing operations before income taxes | 77,400 | 198,800 | (1,500) | 400 | (173,300) | 101,800 |
| Provision for income taxes | — | 24,200 | — | 200 | — | 24,400 |
| Net income (loss) from continuing operations | 77,400 | 174,600 | (1,500) | 200 | (173,300) | 77,400 |
| Loss from discontinued operations, net of tax | — | — | — | — | — | — |
| Net income (loss) | 77,400 | 174,600 | (1,500) | 200 | (173,300) | 77,400 |
| Net loss attributable to noncontrolling interest | — | — | — | — | — | — |
| Net income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 77,400 | $ 174,600 | $ (1,500) | $ 200 | $ (173,300) | $ 77,400 |
| Comprehensive income (loss) | $ 57,300 | $ 178,300 | $ (1,500) | $ (500) | $ (176,300) | $ 57,300 |
| Comprehensive loss attributable to noncontrolling interests | — | — | — | — | — | — |
| Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 57,300 | $ 178,300 | $ (1,500) | $ (500) | $ (176,300) | $ 57,300 |

| | For the three months ended September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Parent Company | Guarantor Subsidiaries | Receivable Facility | Non-Guarantors | Eliminations | Consolidated |
| Revenue | $ — | $ 619,200 | $ — | $ 21,900 | $ (12,900) | $ 628,200 |
| Direct operating expenses | — | 237,100 | — | 15,700 | (8,400) | 244,400 |
| Selling, general and administrative expenses | — | 157,000 | — | 4,100 | (3,900) | 157,200 |
| Impairment loss | — | 19,700 | — | — | — | 19,700 |
| Restructuring, severance and related charges | — | 54,900 | — | — | — | 54,900 |
| Depreciation and amortization | — | 40,700 | — | 400 | — | 41,100 |
| Gain on dispositions | — | (2,500) | — | — | — | (2,500) |
| Operating income (loss) | — | 112,300 | — | 1,700 | (600) | 113,400 |
| Other expense (income): | | | | | | |
| Equity in income of consolidated subsidiaries | (13,000) | — | — | — | 13,000 | — |
| Interest expense | 95,000 | 900 | 2,400 | — | — | 98,300 |
| Interest income | — | (3,300) | — | — | — | (3,300) |
| Amortization of deferred financing costs | 1,800 | — | 100 | — | — | 1,900 |
| Other | — | (1,800) | 100 | — | — | (1,700) |
| (Loss) income from continuing operations before income taxes | (83,800) | 116,500 | (2,600) | 1,700 | (13,600) | 18,200 |
| Provision for income taxes | — | 5,300 | — | 500 | — | 5,800 |
| (Loss) income from continuing operations | (83,800) | 111,200 | (2,600) | 1,200 | (13,600) | 12,400 |
| Loss from discontinued operations, net of tax | — | (50,700) | — | (44,500) | (900) | (96,100) |
| Net (loss) income | (83,800) | 60,500 | (2,600) | (43,300) | (14,500) | (83,700) |
| Net income attributable to noncontrolling interest | — | — | — | 100 | — | 100 |
| Net (loss) income attributable to Univision Communications Inc. and subsidiaries | $ (83,800) | $ 60,500 | $ (2,600) | $ (43,400) | $ (14,500) | $ (83,800) |
| Comprehensive (loss) income | $ (75,300) | $ 55,000 | $ (2,600) | $ (43,000) | $ (9,300) | $ (75,200) |
| Comprehensive income attributable to noncontrolling interests | — | — | — | 100 | — | 100 |
| Comprehensive (loss) income attributable to Univision Communications Inc. and subsidiaries | $ (75,300) | $ 55,000 | $ (2,600) | $ (43,100) | $ (9,300) | $ (75,300) |

| | For the nine months ended September 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Parent Company | Guarantor Subsidiaries | Receivable Facility | Non-Guarantors | Eliminations | Consolidated |
| Revenue | $ — | $ 1,986,100 | $ — | $ 23,800 | $ (14,900) | $ 1,995,000 |
| Direct operating expenses | — | 767,900 | — | 16,000 | — | 783,900 |
| Selling, general and administrative expenses | — | 510,900 | — | 6,600 | (12,400) | 505,100 |
| Impairment loss | — | 8,900 | — | — | — | 8,900 |
| Restructuring, severance and related charges | — | 24,300 | — | — | — | 24,300 |
| Depreciation and amortization | — | 114,400 | — | 500 | — | 114,900 |
| Loss on dispositions | — | 10,500 | — | — | — | 10,500 |
| Operating income (loss) | — | 549,200 | — | 700 | (2,500) | 547,400 |
| Other expense (income): | | | | | | |
| Equity in income of consolidated subsidiaries | (479,800) | — | — | — | 479,800 | — |
| Interest expense | 281,900 | 2,900 | 3,600 | — | — | 288,400 |
| Interest income | — | (10,200) | — | — | — | (10,200) |
| Amortization of deferred financing costs | 5,500 | — | 300 | — | — | 5,800 |
| Other | — | (12,300) | 1,100 | 3,200 | — | (8,000) |
| Income (loss) from continuing operations before income taxes | 192,400 | 568,800 | (5,000) | (2,500) | (482,300) | 271,400 |
| Provision for income taxes | — | 64,500 | — | 600 | — | 65,100 |
| Net income (loss) from continuing operations | 192,400 | 504,300 | (5,000) | (3,100) | (482,300) | 206,300 |
| (Loss) gain from discontinued operations, net of tax | — | (13,400) | — | 400 | (700) | (13,700) |
| Net income (loss) | 192,400 | 490,900 | (5,000) | (2,700) | (483,000) | 192,600 |
| Net income attributable to noncontrolling interest | — | — | — | 200 | — | 200 |
| Net income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 192,400 | $ 490,900 | $ (5,000) | $ (2,900) | $ (483,000) | $ 192,400 |
| Comprehensive income (loss) | $ 99,500 | $ 510,500 | $ (5,000) | $ (3,300) | $ (502,000) | $ 99,700 |
| Comprehensive income attributable to noncontrolling interests | — | — | — | 200 | — | 200 |
| Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 99,500 | $ 510,500 | $ (5,000) | $ (3,500) | $ (502,000) | $ 99,500 |

| | For the nine months ended September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Parent Company | Guarantor Subsidiaries | Receivable Facility | Non-Guarantors | Eliminations | Consolidated |
| Revenue | $ — | $ 2,005,500 | $ — | $ 62,600 | $ (42,800) | $ 2,025,300 |
| Direct operating expenses | — | 723,500 | — | 49,000 | (29,400) | 743,100 |
| Selling, general and administrative expenses | — | 502,600 | — | 13,100 | (11,200) | 504,500 |
| Impairment loss | — | 37,400 | — | — | — | 37,400 |
| Restructuring, severance and related charges | — | 96,500 | — | 200 | — | 96,700 |
| Depreciation and amortization | — | 124,400 | — | 1,300 | — | 125,700 |
| Gain on dispositions | — | (24,400) | — | — | — | (24,400) |
| Operating income (loss) | — | 545,500 | — | (1,000) | (2,200) | 542,300 |
| Other expense (income): | | | | | | |
| Equity in income of consolidated subsidiaries | (365,200) | — | — | — | 365,200 | — |
| Interest expense | 281,900 | 2,900 | 8,400 | — | — | 293,200 |
| Interest income | — | (9,500) | — | — | — | (9,500) |
| Amortization of deferred financing costs | 5,400 | — | 300 | — | — | 5,700 |
| Other | — | 2,800 | 200 | — | — | 3,000 |
| Income (loss) from continuing operations before income taxes | 77,900 | 549,300 | (8,900) | (1,000) | (367,400) | 249,900 |
| Provision for income taxes | — | 59,000 | — | 1,000 | — | 60,000 |
| Net income (loss) from continuing operations | 77,900 | 490,300 | (8,900) | (2,000) | (367,400) | 189,900 |
| Loss from discontinued operations, net of tax | — | (63,000) | — | (51,000) | (2,400) | (116,400) |
| Net income (loss) | 77,900 | 427,300 | (8,900) | (53,000) | (369,800) | 73,500 |
| Net loss attributable to noncontrolling interest | — | — | — | (4,400) | — | (4,400) |
| Net income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 77,900 | $ 427,300 | $ (8,900) | $ (48,600) | $ (369,800) | $ 77,900 |
| Comprehensive income (loss) | $ 124,000 | $ 383,700 | $ (8,900) | $ (52,700) | $ (326,500) | $ 119,600 |
| Comprehensive loss attributable to noncontrolling interests | — | — | — | (4,400) | — | (4,400) |
| Comprehensive income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 124,000 | $ 383,700 | $ (8,900) | $ (48,300) | $ (326,500) | $ 124,000 |

***Condensed Consolidating Statements of Cash Flows (in thousands)***

| | For the nine months ended September 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | **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 | $ (296,900) | $ 489,800 | $ (4,700) | $ (1,700) | $ (2,000) | $ 184,500 |
| Net cash (used in) provided by operating activities from discontinued operations | — | (1,000) | — | 2,700 | 700 | 2,400 |
| Net cash (used in) provided by operating activities | (296,900) | 488,800 | (4,700) | 1,000 | (1,300) | 186,900 |
| Cash flows from investing activities: | | | | | | |
| Capital expenditures | — | (50,200) | — | (600) | — | (50,800) |
| Disposition of assets | — | 12,000 | — | — | — | 12,000 |
| Change in due from consolidated subsidiaries | 418,900 | — | — | — | (418,900) | — |
| Net cash provided by (used in) investing activities from continuing operations | 418,900 | (38,200) | — | (600) | (418,900) | (38,800) |
| Net cash provided by investing activities from discontinued operations | — | 18,200 | — | — | — | 18,200 |
| Net cash provided by (used in) investing activities | 418,900 | (20,000) | — | (600) | (418,900) | (20,600) |
| Cash flows from financing activities: | | | | | | |
| Proceeds from revolving debt | — | — | 300,000 | — | — | 300,000 |
| Payments of long-term debt and finance leases | (120,000) | (4,900) | — | — | — | (124,900) |
| Payments of revolving debt | — | — | (300,000) | — | — | (300,000) |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | (1,400) | — | — | — | — | (1,400) |
| Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | (600) | — | — | — | — | (600) |
| Funding from discontinued operations | — | 20,700 | — | — | — | 20,700 |
| Change in financing receivables | — | (15,400) | 15,400 | — | — | — |
| Change in due to parent | — | (408,300) | (10,700) | (1,900) | 420,900 | — |
| Net cash (used in) provided by financing activities from continuing operations | (122,000) | (407,900) | 4,700 | (1,900) | 420,900 | (106,200) |
| Net cash used in financing activities from discontinued operations | — | (17,100) | — | (2,900) | (700) | (20,700) |
| Net cash (used in) provided by financing activities | (122,000) | (425,000) | 4,700 | (4,800) | 420,200 | (126,900) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | — | 43,800 | — | (4,400) | — | 39,400 |
| Cash, cash equivalents, and restricted cash, beginning of period | — | 123,700 | — | 6,300 | — | 130,000 |
| Cash, cash equivalents, and restricted cash, end of period | $ — | $ 167,500 | $ — | $ 1,900 | $ — | $ 169,400 |

| | For the nine months ended September 30, 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 | $ (296,000) | $ 746,900 | $ (8,900) | $ 4,400 | $ (7,500) | $ 438,900 |
| Net cash used in operating activities from discontinued operations | — | (7,000) | — | (300) | (4,100) | (11,400) |
| Net cash (used in) provided by operating activities | (296,000) | 739,900 | (8,900) | 4,100 | (11,600) | 427,500 |
| Cash flows from investing activities: | | | | | | |
| Capital expenditures | — | (44,400) | — | (100) | — | (44,500) |
| Disposition of assets | — | 12,400 | — | — | — | 12,400 |
| Investments and other acquisitions | — | (4,700) | — | — | — | (4,700) |
| Change in due from consolidated subsidiaries | 500,200 | — | — | — | (500,200) | — |
| Net cash provided by (used in) investing activities from continuing operations | 500,200 | (36,700) | — | (100) | (500,200) | (36,800) |
| Net cash used in investing activities from discontinued operations | — | (2,000) | — | — | — | (2,000) |
| Net cash provided by (used in) investing activities | 500,200 | (38,700) | — | (100) | (500,200) | (38,800) |
| Cash flows from financing activities: | | | | | | |
| Proceeds from revolving debt | 253,000 | — | 241,000 | — | — | 494,000 |
| Payments of long-term debt and finance leases | (36,000) | (5,400) | — | — | — | (41,400) |
| Payments of revolving debt | (408,000) | — | (370,000) | — | — | (778,000) |
| Repurchase of common stock on behalf of Univision Holdings, Inc. | (8,100) | — | — | — | — | (8,100) |
| Tax payment related to net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees | (5,100) | — | — | — | — | (5,100) |
| Acquisition of noncontrolling interests | — | (28,700) | — | — | — | (28,700) |
| Funding for discontinued operations | — | (13,400) | — | — | — | (13,400) |
| Other | — | (400) | — | — | — | (400) |
| Change in financing receivables | — | (66,600) | 66,600 | — | — | — |
| Change in due to parent | — | (587,200) | 71,300 | 4,100 | 511,800 | — |
| Net cash (used in) provided by financing activities from continuing operations | (204,200) | (701,700) | 8,900 | 4,100 | 511,800 | (381,100) |
| Net cash provided by financing activities from discontinued operations | — | 13,400 | — | — | — | 13,400 |
| Net cash (used in) provided by financing activities | (204,200) | (688,300) | 8,900 | 4,100 | 511,800 | (367,700) |
| Net increase in cash, cash equivalents, and restricted cash | — | 12,900 | — | 8,100 | — | 21,000 |
| Cash, cash equivalents, and restricted cash, beginning of period | — | 58,100 | — | 3,300 | — | 61,400 |
| Cash, cash equivalents, and restricted cash, end of period | $ — | $ 71,000 | $ — | $ 11,400 | $ — | $ 82,400 |

## 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 40 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 82% 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 *TUDN,* 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 415 million average monthly page views during the nine months ended September 30, 2019. *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 nine months ended September 30, 2019, the Media Networks segment accounted for approximately 91% of the Company's revenue.

- ***Radio:*** The Company's Radio segment, now known as *Uforia Audio Network,* 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 16 million listeners per week and cover approximately 69% of the U.S. Hispanic population. The Radio segment also includes a live event series and the Company's *Uforia* music application featuring multimedia music content, which includes a total of 85 radio stations (including over 19 exclusive digital stations and 21 affiliate stations), over 200 playlists categorized by mood and a library of more than 40 million songs. For the nine months ended September 30, 2019, the Radio segment accounted for approximately 9% of the Company's revenue.

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

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." The sale of the English-language digital assets was completed in April 2019. 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.

## 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 with these MVPDs. The Company's distribution was negatively impacted by the temporary lapse of its agreement with the DISH Network Corporation ("DISH"). On March 26, 2019 the Company announced a long-term agreement for carriage of Univision networks and stations on DISH's Digital Basic Services ("DBS") system.

Compounding the impact of this temporary lapse, the Company has 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 on 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 the local 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 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, 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 programming content of the Company's broadcast networks, cable networks and stations 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 and 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 by 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, for example, 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 that the Company does not own (referred to as "affiliates") that are affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its 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, 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 renewals was with DISH. As a result of DISH's negotiating positions, the Company removed all of its channels from DISH's DBS System and Sling TV adversely affecting the Company's subscription revenue from the period beginning July 1, 2018 through March 26, 2019. On March 26, 2019 the Company announced a new long-term agreement for carriage of Univision networks and stations on DISH's DBS System. 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 continue to increase over the next few years.

Content Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. 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—19. *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.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue: | | | | |
| Media Networks | $ 616,200 | $ 561,800 | $ 1,816,800 | $ 1,841,900 |
| Radio | 65,200 | 66,400 | 178,200 | 183,400 |
| Consolidated | $ 681,400 | $ 628,200 | $ 1,995,000 | $ 2,025,300 |
| Adjusted OIBDA: | | | | |
| Media Networks | $ 260,000 | $ 228,800 | $ 745,400 | $ 811,200 |
| Radio | 18,000 | 22,000 | 38,600 | 50,900 |
| Corporate | (21,000) | (19,800) | (57,000) | (68,300) |
| Consolidated | $ 257,000 | $ 231,000 | $ 727,000 | $ 793,800 |
| Bank Credit Adjusted OIBDA: | | | | |
| Media Networks | $ 261,300 | $ 262,200 | $ 751,200 | $ 849,500 |
| Radio | 18,400 | 22,300 | 40,200 | 52,300 |
| Corporate | (18,200) | (15,500) | (47,300) | (57,300) |
| Consolidated | $ 261,500 | $ 269,000 | $ 744,100 | $ 844,500 |

**Recent Developments**

*Review of Strategic Options*

On July 3, 2019, the Company confirmed that its Board of Directors is reviewing strategic options for the Company and that the Company had engaged financial advisors to assist with the process.

*Distribution Agreement with DISH*

The Company's distribution was negatively impacted by the temporary lapse of its distribution agreement with DISH. On March 26, 2019 the Company announced a long-term agreement for carriage of Univision networks and stations on DISH's DBS system.

*Discontinued Operations*

During 2018, as part of an overall strategic review, 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. The sale of the English-language digital assets was completed in April 2019 with proceeds of approximately $18.9 million.

**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. In 2018 the Company's programming costs for sports rights 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. Effective January 1, 2018, under the program license agreement as amended in July 2015 effective as of January 1, 2015 with Televisa (the "Televisa PLA"), Televisa received royalties based on 16.13% of substantially all of the Company's Spanish language media networks revenue, and on June 1, 2018, the rate further increased to the current rate of 16.45% in effect until the expiration of the Televisa PLA. Additionally, Televisa receives an incremental 2% in royalty payments above the contractual revenue base ($1.66 billion which decreased to $1.63 billion in June 2018).

During the second quarter of 2019, the Company and Televisa agreed to a reduction in deferred advertising commitments specific to fiscal 2019. The agreement resulted in a $14.7 million reduction to other direct operating expense in the second quarter of 2019.

*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. The Company tests the value of right-of-use assets associated with its operating leases when circumstances indicate that a possible impairment exists. See "Notes to Consolidated Financial Statements— 4. *Operating Leases* and 8. *Program Rights and Prepayments.*"

*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.*"

*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. *Share-Based Compensation*."

*Provision 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 anticipates its annual effective tax rate to be approximately 24% in 2019 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. 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 September 30, 2019, there are approximately $975.9 million in net operating loss carryforwards at the UHI level, of which approximately $618.5 million have been generated by Univision Communications Inc. and subsidiaries. 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):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | $ 681,400 | $ 628,200 | $ 1,995,000 | $ 2,025,300 |
| Direct operating expenses: | | | | |
| Programming excluding variable program license fee | 140,400 | 142,200 | 458,900 | 405,300 |
| Variable program license fee | 94,300 | 82,600 | 275,000 | 275,000 |
| Other | 21,000 | 19,600 | 50,000 | 62,800 |
| Total | 255,700 | 244,400 | 783,900 | 743,100 |
| Selling, general and administrative expenses | 177,000 | 157,200 | 505,100 | 504,500 |
| Impairment loss | 2,300 | 19,700 | 8,900 | 37,400 |
| Restructuring, severance and related charges | 11,000 | 54,900 | 24,300 | 96,700 |
| Depreciation and amortization | 38,400 | 41,100 | 114,900 | 125,700 |
| Loss (gain) on dispositions | 1,600 | (2,500) | 10,500 | (24,400) |
| Operating income | 195,400 | 113,400 | 547,400 | 542,300 |
| Other expense (income): | | | | |
| Interest expense | 95,000 | 98,300 | 288,400 | 293,200 |
| Interest income | (3,400) | (3,300) | (10,200) | (9,500) |
| Amortization of deferred financing costs | 2,000 | 1,900 | 5,800 | 5,700 |
| Other | — | (1,700) | (8,000) | 3,000 |
| Income before income taxes | 101,800 | 18,200 | 271,400 | 249,900 |
| Provision for income taxes | 24,400 | 5,800 | 65,100 | 60,000 |
| Income from continuing operations | 77,400 | 12,400 | 206,300 | 189,900 |
| Loss from discontinued operations, net of income taxes | — | (96,100) | (13,700) | (116,400) |
| Net income (loss) | 77,400 | (83,700) | 192,600 | 73,500 |
| Net income (loss) attributable to noncontrolling interests | — | 100 | 200 | (4,400) |
| Net income (loss) attributable to Univision Communications Inc. and subsidiaries | $ 77,400 | $ (83,800) | $ 192,400 | $ 77,900 |

In comparing the Company's results of operations for the three and nine months ended September 30, 2019 ("2019") with those ended September 30, 2018 ("2018"), in addition to the factors referenced above affecting the Company's results, the following should be noted:

- During the three and nine months ended September 30, 2018, subscriber revenues were reduced by an estimated revenue adjustment of $41.1 million from a contractual obligation in 2018 which did not impact revenue in 2019. This adjustment had resulted in an associated reduction in operating expenses of $7.6 million related to a decrease in our variable program license fees.

- During the three and nine months ended September 30, 2019, the Company recorded $2.3 million and $8.9 million, respectively, in impairment loss. During the three and nine months ended September 30, 2018, the Company recorded $19.7 million and $37.4 million, respectively, in impairment loss.

- During the three and nine months ended September 30, 2019, the Company recorded $11.0 million and $24.3 million, respectively, in restructuring, severance and related charges. During the three and nine months ended September 30, 2018, the Company recorded $54.9 million and $96.7 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 facilities, contract terminations and related charges in 2019 and 2018.

- In 2018, the Company completed its transition plans in monetizing a portion of its spectrum assets in Philadelphia in the Federal Communications Commission's ("FCC") broadcast incentive auction and recorded a gain of $28.2 million in Loss (gain) on dispositions. The gain 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 three and nine months ended September 30, 2019, the Company recognized Other (income) expense of zero and ($8.0) million, respectively, primarily arising from non-cash gains and losses on the Company's investments. During the three and nine months ended September 30, 2018, the Company recognized Other (income) expense of ($1.7) million and $3.0 million, respectively, primarily arising from non-cash gains and losses on the Company's investments.

**Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018**

*Revenue*. Consolidated revenue was $681.4 million for the three months ended September 30, 2019 compared to $628.2 million for the three months ended September 30, 2018, an increase of $53.2 million or 8.5%. Media Networks revenue was $616.2 million in 2019 compared to $561.8 million in 2018, an increase of $54.4 million or 9.7%. Radio revenue was $65.2 million in 2019 compared to $66.4 million in 2018, a decrease of $1.2 million or 1.8%. Consolidated advertising revenue was $382.8 million in 2019 compared to $378.7 million in 2018, an increase of $4.1 million or 1.1%. Consolidated non-advertising revenue was $298.6 million in 2019 compared to $249.5 million in 2018, an increase of $49.1 million or 19.7%. Consolidated political and advocacy revenue was $6.3 million in 2019 compared to $11.6 million in 2018.

Media Networks advertising revenue for 2019 increased 2.1% to $322.4 million compared to $315.8 million for the same prior period. The higher advertising revenue is primarily due to increases in our Digital advertising revenue. Media Networks advertising revenue for the television platform was $298.7 million in 2019 compared to $299.0 million in 2018, a decrease of $0.3 million or 0.1%. Media Networks advertising revenue for the digital platform was $23.7 million in 2019 compared to $16.8 million in 2018, an increase of $6.9 million or 41.1%. Media Networks advertising revenue in 2019 and 2018 included political and advocacy advertising revenue of $4.3 million and $8.5 million, respectively. Media Networks advertising revenue for the television platforms in 2019 and 2018 included political and advocacy revenue of $3.8 million and $7.7 million, respectively, a decrease of $3.9 million. Media Networks advertising revenue for the digital platforms in 2019 and 2018 included political and advocacy revenue of $0.5 million and $0.8 million, respectively.

Media Networks non-advertising revenue (which is comprised of subscriber fee revenue, content licensing and other revenue) was $293.8 million for the third quarter 2019 compared to $246.0 million for the same prior period, an increase of $47.8 million or 19.4%. The increase was primarily due to higher subscriber fee revenue due to higher rates partially offset by lower subscribers, an estimated revenue adjustment of $41.1 million from a contractual obligation in 2018 which did not impact revenues in 2019, and the lapse of a distributor's carriage agreement in 2018. Subscriber fee revenue was $256.6 million in 2019 compared to $206.2 million in 2018, an increase of $50.4 million or 24.4%. Content licensing and other revenue was $37.2 million in 2019 compared to $39.8 million in 2018, a decrease of $2.6 million. The decrease was mitigated by the timing of delivery.

Radio advertising revenue was $60.4 million in 2019 compared to $62.9 million in 2018, a decrease of $2.5 million or 4.0%, primarily due to declines in ad spending in the political, automotive and financial sectors partially offset by food and other categories. Advertising revenue in 2019 and 2018 included political and advocacy advertising revenue of $2.0 million and $3.1 million, respectively. Non-advertising revenue in the Radio segment increased to $4.8 million in 2019 from $3.5 million in 2018.

*Direct operating expenses – programming.* Programming expenses, which exclude variable program license fees (see below), decreased to $140.4 million in 2019 compared to $142.2 million in 2018, a decrease of $1.8 million or 1.3%. As a percentage of revenue, programming expenses decreased to 20.6% in 2019 from 22.6% in 2018. Media Networks segment programming expenses were $129.0 million in 2019 compared to $131.1 million in 2018, a decrease of $2.1 million or 1.6% primarily due to a decrease in entertainment programming costs of $14.6 million primarily due to content now provided under the Televisa PLA which was previously produced by the Company, partially offset by an increase in sports programming costs of $9.1 million primarily related to Gold Cup and news programming costs of $3.4 million. Radio segment programming expenses were $11.4 million in 2019 compared to $11.1 million in 2018.

*Direct operating expenses – variable program license fees.* The variable program license fees recorded in the Media Networks segment increased to $94.3 million in 2019 from $82.6 million in 2018, an increase of $11.7 million or 14.2% primarily as a result of an increase in revenues on which the license fee is paid. On a consolidated basis, as a percentage of revenue, variable program license fees were 13.8% in 2019 and 13.1% in 2018, reflecting a higher proportional revenue contribution from Spanish language content.

*Direct operating expenses – other.* Other direct operating expenses increased to $21.0 million in 2019 from $19.6 million in 2018, an increase of $1.4 million or 7.1%, primarily due to an increase in technical costs. As a percentage of revenue, other direct operating expenses remained flat at 3.1% in 2019 and 2018. Media Networks segment other direct operating expenses were $17.3 million in 2019 compared to $16.4 million in 2018, an increase of $0.9 million or 5.5%. Radio segment other direct operating expenses were $3.7 million in 2019 compared to $3.2 million in 2018, an increase of $0.5 million.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased to $177.0 million in 2019 from $157.2 million in 2018, an increase of $19.8 million or 12.6% primarily due to investments in marketing, higher share-based compensation, and other contractual increases in 2019 and insurance recoveries in 2018 that reduced 2018 costs. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 26.0% in 2019 from 25.0% in 2018. Media Networks segment selling, general and administrative expenses increased to $117.8 million in 2019 compared to $104.4 million in 2018, an increase of $13.4 million or 12.8%. Radio segment selling, general and administrative expenses were $32.3 million in 2019 compared to $30.3 million in 2018, an increase of $2.0 million or 6.6%. Corporate selling, general and administrative expenses were $26.9 million in 2019 compared to $22.5 million in 2018, an increase of $4.4 million or 19.6%.

*Impairment loss.* In 2019, the Company recorded a non-cash impairment loss of $2.3 million primarily comprised of non-cash impairments related to program rights in the Media Networks segment. In 2018, the Company recorded a non-cash impairment loss of $19.7 million primarily related to the write-down of program rights in the Media Networks segment.

*Restructuring, severance and related charges.* In 2019, the Company incurred restructuring, severance and related charges of $11.0 million. The restructuring charge of $11.0 million consists of $6.9 million in the Media Networks segment related to $3.6 million in employee termination benefits and $3.3 million in facility and related charges, $3.7 million in Corporate related to $3.6 million in facility and related charges and $0.1 million in employee termination benefits, and $0.4 million in the Radio segment related to $0.3 million in facility and related charges and $0.1 million in employee termination benefits. In 2018, the Company incurred restructuring, severance and related charges of $54.9 million. This amount includes $54.8 million related to restructuring activities and $0.1 million related to severance charges for individual employees. The restructuring charge of $54.8 million consists of $24.5 million in Corporate related to $17.7 million in employee termination benefits and $6.8 million in facility and related charges, $27.7 million in the Media Networks segment related to $25.8 million in employee termination benefits and $1.9 million in facility and related charges, and $2.6 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 $38.4 million in 2019 from $41.1 million in 2018, a decrease of $2.7 million or 6.6%. The Company's depreciation expense decreased to $25.2 million in 2019 from $27.6 million in 2018, a decrease of $2.4 million, primarily due to certain assets becoming fully depreciated. The Company had amortization of intangible assets of $13.2 million in 2019 and $13.5 million in 2018. Depreciation and amortization expense for the Media Networks segment decreased by $1.1 million to $32.2 million in 2019 compared to $33.3 million in 2018. Depreciation and amortization expense for the Radio segment decreased by $0.2 million to $1.4 million in 2019 compared to $1.6 million in 2018. Corporate depreciation decreased by $1.4 million to $4.8 million in 2019 compared to $6.2 million in 2018.

*Loss (gain) on dispositions.* In 2019, the Company recorded a loss on disposition of $1.6 million primarily related to the write-off of assets. In 2018, the Company recognized a gain on disposition of $2.5 million primarily related to a real estate gain.

*Operating income.* As a result of the factors discussed above and in the results of operations overview, the Company had operating income of $195.4 million in 2019 and $113.4 million in 2018, an increase of $82.0 million. The Media Networks segment had operating income of $214.8 million in 2019 and $152.3 million in 2018, an increase of $62.5 million. The Radio segment had operating income of $15.9 million in 2019 and $17.6 million in 2018, a decrease of $1.7 million. Corporate operating loss was $35.3 million in 2019 and $56.5 million in 2018, a decrease in operating loss of $21.2 million. The impact of an estimated revenue adjustment from a contractual obligation in 2018 which did not impact revenue in 2019 contributed a loss of $33.5 million in 2018. The impact of political and advocacy advertising contributed $5.2 million in 2019 and $9.1 million in 2018.

*Interest expense.* Interest expense decreased to $95.0 million in 2019 from $98.3 million in 2018, a decrease of $3.3 million. See "Notes to Consolidated Financial Statements—13. *Debt* and —14. *Interest Rate Swaps.*"

*Interest income.* In 2019 and 2018, the Company's interest income was essentially flat at $3.4 million and $3.3 million, respectively, primarily related to investments in convertible debt with El Rey.

*Amortization of deferred financing costs.* Amortization of deferred financing costs was essentially flat at $2.0 million and $1.9 million in 2019 and 2018, respectively. See "Notes to Consolidated Financial Statements—13. *Debt.*"

*Other.* The Company recognized Other income of zero in 2019. The Company recognized Other income of $1.7 million in 2018 primarily due to changes in fair value of its investments and the Company's share of net income from its equity investment in El Rey.

*Provision for income taxes.* In 2019, the Company reported an income tax provision of $24.4 million, based on pre-tax income for the three months ended September 30, 2019 multiplied by the estimated annual effective tax rate adjusted for discrete items. In 2018, the Company reported an income tax provision of $5.8 million, based on the pre-tax income for the three months ended September 30, 2018 multiplied by the estimated annual effective tax rate adjusted for discrete items. The income tax provision for the three months ended September 30, 2019 is based on a year-to-date income tax calculation. 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 $77.4 million and $12.4 million in 2019 and 2018, respectively.

*Loss from discontinued operations.* The Company reported loss from discontinued operations of zero and $96.1 million in 2019 and 2018, respectively.

*Net income (loss) attributable to noncontrolling interests.* In 2019 and 2018, the Company reported no net income (loss) attributable to noncontrolling interests and net income attributable to noncontrolling interests of $0.1 million, respectively.

*Net income (loss) attributable to Univision Communications Inc. and subsidiaries.* The Company reported net income attributable to Univision Communications Inc. and subsidiaries of $77.4 million in 2019 and loss of $83.8 million in 2018.

*Adjusted OIBDA and Bank Credit Adjusted OIBDA.* Adjusted OIBDA increased to $257.0 million in 2019 from $231.0 million in 2018, an increase of $26.0 million or 11.3% and Bank Credit Adjusted OIBDA decreased to $261.5 million in 2019 from $269.0 million in 2018, a decrease of $7.5 million or 2.8%. The increase in Adjusted OIBDA and decrease in Bank Credit Adjusted OIBDA 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 increased to 37.7% in 2019 from 36.8% in 2018 and Bank Credit Adjusted OIBDA decreased to 38.4% in 2019 from 42.8% in 2018. The impact of an estimated revenue adjustment from a contractual obligation in 2018 which did not impact revenue in 2019 contributed a loss of $33.5 million in 2018. The impact of political and advocacy advertising contributed $5.2 million in 2019 and $9.1 million in 2018. 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.

**Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018**

*Revenue*. Consolidated revenue was $1,995.0 million for the nine months ended September 30, 2019 compared to $2,025.3 million for the nine months ended September 30, 2018, a decrease of $30.3 million or 1.5%. Media Networks revenue was $1,816.8 million in 2019 compared to $1,841.9 million in 2018, a decrease of $25.1 million or 1.4%. Radio revenue was $178.2 million in 2019 compared to $183.4 million in 2018, a decrease of $5.2 million or 2.8%. Consolidated advertising revenue was $1,123.7 million in 2019 compared to $1,146.5 million in 2018, a decrease of $22.8 million or 2.0%. Consolidated non-advertising revenue was $871.3 million in 2019 compared to $878.8 million in 2018, a decrease of $7.5 million or 0.9%. Consolidated political and advocacy revenue was $19.2 million in 2019 compared to $30.3 million in 2018.

Media Networks advertising revenue for 2019 decreased 1.5% to $956.6 million compared to $971.6 million for the same prior period. The lower advertising revenue is primarily due to declines in Television advertising revenue, partially offset by growth in Digital advertising revenue. Media Networks advertising revenue for the television platform was $897.1 million in 2019 compared to $922.9 million in 2018, a decrease of $25.8 million or 2.8%. Media Networks advertising revenue for the digital platform was $59.5 million in 2019 compared to $48.7 million in 2018. Media Networks advertising revenue in 2019 and 2018 included political and advocacy advertising revenue of $13.2 million and $21.8 million, respectively. Media Networks advertising revenue for the television platforms in 2019 and 2018 included political and advocacy revenue of $12.0 million and $19.9 million, respectively, a decrease of $7.9 million. Media Networks advertising revenue for the digital platforms in 2019 and 2018 included political and advocacy revenue of $1.2 million and $1.9 million, respectively.

Media Networks non-advertising revenue (which is comprised of subscriber fee revenue, content licensing and other revenue) was $860.2 million for 2019 compared to $870.3 million for the same prior period, a decrease of $10.1 million or 1.2%. The decrease was primarily due to lower subscriber fee revenue. Subscriber fee revenue was $758.1 million in 2019 compared to $767.9 million in 2018. Content licensing and other revenue was $102.1 million in 2019 compared to $102.4 million in 2018.

Radio advertising revenue was $167.1 million in 2019 compared to $174.9 million in 2018, a decrease of $7.8 million or 4.5% primarily due to declines in ad spending in the political, automotive, telecom and financial sectors partially offset by food, retail and other categories. Advertising revenue in 2019 and 2018 included political and advocacy advertising revenue of $6.0 million and $8.5 million, respectively. Non-advertising revenue in the Radio segment increased to $11.1 million in 2019 from $8.5 million in 2018.

*Direct operating expenses – programming.* Programming expenses, which exclude variable program license fees (see below), increased to $458.9 million in 2019 compared to $405.3 million in 2018, an increase of $53.6 million or 13.2%. As a percentage of revenue, programming expenses increased to 23.0% in 2019 from 20.0% in 2018. Media Networks segment programming expenses were $424.0 million in 2019 compared to $372.2 million in 2018, an increase of $51.8 million or 13.9% primarily due to increases in sports programming costs of $60.6 million and news programming costs of $2.3 million, partially offset by a decrease in entertainment programming costs of $11.1 million. Radio segment programming expenses were $34.9 million in 2019 compared to $33.1 million in 2018.

*Direct operating expenses – variable program license fees.* The variable program license fees recorded in the Media Networks segment remained flat at $275.0 million in 2019 and 2018. On a consolidated basis, as a percentage of revenue, variable program license fees were 13.8% in 2019 and 13.6% in 2018.

*Direct operating expenses – other.* Other direct operating expenses decreased to $50.0 million in 2019 from $62.8 million in 2018, a decrease of $12.8 million or 20.4%, primarily due to a decrease in technical costs. As a percentage of revenue, other direct operating expenses decreased to 2.5% in 2019 from 3.1% in 2018. Media Networks segment other direct operating expenses were $39.4 million in 2019 compared to $53.1 million in 2018, a decrease of $13.7 million or 25.8%. Radio segment other direct operating expenses were $10.6 million in 2019 compared to $9.7 million in 2018, an increase of $0.9 million.

*Selling, general and administrative expenses.* Selling, general and administrative expenses of $505.1 million in 2019 were essentially flat with selling, general and administrative expenses of $504.5 million in 2018. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 25.3% in 2019 from 24.9% in 2018. Media Networks segment selling, general and administrative expenses increased to $339.2 million in 2019 compared to $336.6 million in 2018, an increase of $2.6 million or 0.8%. Radio segment selling, general and administrative expenses were $94.8 million in 2019 compared to $90.9 million in 2018, an increase of $3.9 million or 4.3%. Corporate selling, general and administrative expenses were $71.1 million in 2019 compared to $77.0 million in 2018, a decrease of $5.9 million or 7.7%.

*Impairment loss.* In 2019, the Company recorded a non-cash impairment loss of $8.9 million primarily comprised of non-cash impairments related to operating right-to-use assets and the write-down of program rights in the Media Networks segment. In 2018, the Company recorded a non-cash impairment loss of $37.4 million primarily related to the write-down of program rights in the Media Networks segment.

*Restructuring, severance and related charges.* In 2019, the Company incurred restructuring, severance and related charges of $24.3 million. The restructuring charge of $24.3 million consists of $14.5 million in the Media Networks segment related to $8.2 million in facility and related charges and $6.3 million in employee termination benefits, $8.3 million in Corporate related to $6.4 million in facility and related charges and $1.9 million in employee termination benefits, and $1.5 million in the Radio segment related to $1.1 million in employee termination benefits and $0.4 million in facility and related charges. In 2018, the Company incurred restructuring, severance and related charges of $96.7 million. This amount includes $97.1 million related to restructuring activities and a benefit of $0.4 million related to the adjustment of a severance accrual for a former employee. The restructuring charge of $97.1 million consists of $46.7 million in the Media Networks segment related to $39.5 million in employee termination benefits and $7.2 million in facility and related charges, $46.7 million in Corporate related to $28.4 million in employee termination benefits and $18.3 million in facility and related charges and $3.7 million in the Radio segment related to $3.6 million in employee termination benefits and $0.1 million in facility and related charges. See "Notes to Consolidated Financial Statements—6. *Accounts Payable and Accrued Liabilities*."

*Depreciation and amortization.* Depreciation and amortization decreased to $114.9 million in 2019 from $125.7 million in 2018, a decrease of $10.8 million or 8.6%. The Company's depreciation expense decreased to $75.3 million in 2019 from $85.2 million in 2018, a decrease of $9.9 million, primarily due to certain assets becoming fully depreciated. The Company had amortization of intangible assets of $39.6 million in 2019 and $40.5 million in 2018. Depreciation and amortization expense for the Media Networks segment decreased by $6.7 million to $95.6 million in 2019 compared to $102.3 million in 2018. Depreciation and amortization expense for the Radio segment decreased by $1.0 million to $4.2 million in 2019 compared to $5.2 million in 2018. Corporate depreciation decreased by $3.1 million to $15.1 million in 2019 compared to $18.2 million in 2018.

*Loss (gain) on dispositions.* In 2019, the Company recorded a loss on disposition of $10.5 million primarily related to the write-off of leasehold improvements on abandoned leases and the write-off of assets associated with a facility sale. In 2018, the Company recorded a gain on disposition of $24.4 million which is primarily related to a gain of $28.2 million related to the sale of a portion of its spectrum assets in the FCC's broadcast incentive auction, partially offset by losses associated with asset dispositions and other asset disposals.

*Operating income.* As a result of the factors discussed above and in the results of operations overview, the Company had operating income of $547.4 million in 2019 and $542.3 million in 2018, an increase of $5.1 million. The Media Networks segment had operating income of $618.3 million in 2019 and $646.7 million in 2018, a decrease of $28.4 million. The Radio segment had operating income of $31.8 million in 2019 and $40.3 million in 2018, a decrease of $8.5 million. Corporate operating loss was $102.7 million in 2019 and $144.7 million in 2018, a decrease in operating loss of $42.0 million. The impact of an estimated revenue adjustment from a contractual obligation in 2018 which did not impact revenue in 2019 contributed a loss of $33.5 million in 2018. The impact of political and advocacy advertising contributed $15.2 million in 2019 and $24.1 million in 2018.

*Interest expense.* Interest expense decreased to $288.4 million in 2019 from $293.2 million in 2018, a decrease of $4.8 million. See "Notes to Consolidated Financial Statements—13. *Debt* and —14. *Interest Rate Swaps.*"

*Interest income.* In 2019 and 2018, the Company recorded interest income of $10.2 million and $9.5 million, respectively, an increase of $0.7 million, primarily related to investments in convertible debt with El Rey.

*Amortization of deferred financing costs.* Amortization of deferred financing costs was $5.8 million in 2019 and $5.7 million in 2018. See "Notes to Consolidated Financial Statements—13. *Debt.*"

*Other.* The Company recognized Other income of $8.0 million in 2019 primarily due to changes in fair value of its investments, the Company's share of net income from its equity investment in El Rey, partially offset by loss associated with the Company's transfer of a production venture to Televisa and the write-off of other investments. The Company recognized Other expense of $3.0 million in 2018 primarily due to changes in fair value of its investments and the Company's share of net income from its equity investment in El Rey.

*Provision for income taxes.* In 2019, the Company reported an income tax provision of $65.1 million, based on pre-tax income for the nine months ended September 30, 2019 multiplied by the estimated annual effective tax rate adjusted for discrete items. In 2018, the Company reported an income tax provision of $60.0 million, based on the pre-tax income for the nine months ended September 30, 2018 multiplied by the estimated annual effective tax rate adjusted for discrete items. The Company's current estimated tax rate as of September 30, 2019 was approximately 24%, 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. The Company's estimated tax rate as of September 30, 2018 was approximately 24%, which differs from the statutory rate then in effect primarily due to 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 September 30, 2019, there are approximately $975.9 million in net operating loss carryforwards at the UHI level, of which approximately $618.5 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 $206.3 million and $189.9 million in 2019 and 2018, respectively.

*Loss from discontinued operations.* The Company reported loss from discontinued operations of $13.7 million and $116.4 million in 2019 and 2018, respectively. The decrease in the loss from discontinued operations is primarily due to the sale of the discontinued operations in April 2019.

*Net income (loss) attributable to noncontrolling interests.* In 2019 and 2018, the Company reported net income attributable to noncontrolling interests of $0.2 million and net loss attributable to noncontrolling interests of $4.4 million, respectively.

*Net income attributable to Univision Communications Inc. and subsidiaries.* The Company reported net income attributable to Univision Communications Inc. and subsidiaries of $192.4 million and $77.9 million in 2019 and 2018, respectively.

*Adjusted OIBDA and Bank Credit Adjusted OIBDA.* Adjusted OIBDA decreased to $727.0 million in 2019 from $793.8 million in 2018, a decrease of $66.8 million or 8.4% and Bank Credit Adjusted OIBDA decreased to $744.1 million in 2019 from $844.5 million in 2018, a decrease of $100.4 million or 11.9%. 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 36.4% in 2019 from 39.2% in 2018 and Bank Credit Adjusted OIBDA decreased to 37.3% in 2019 from 41.7% in 2018.

The impact of an estimated revenue adjustment from a contractual obligation in 2018 which did not impact revenue in 2019 contributed a loss of $33.5 million in 2018. The impact of political and advocacy advertising contributed $15.2 million in 2019 and $24.1 million in 2018. 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 nine months ended September 30, 2019 were $184.5 million compared to cash flows provided by operating activities from continuing operations for the nine months ended September 30, 2018 of $438.9 million, a decrease of $254.4 million. Income from continuing operations adjusted for the impact of non-cash items was $354.3 million for the nine months ended September 30, 2019 and $351.5 million for the nine months ended September 30, 2018, an increase of $2.8 million. Changes in assets and liabilities for the nine months ended September 30, 2019 resulted in net use of cash of $169.8 million compared to a net cash provided of $87.4 million for the nine months ended September 30, 2018. The decrease was primarily due to higher sports rights payments, higher working capital requirements driven by the reinstatement of a distributor carriage agreement and cash outlays pertaining to prior-year restructuring activities.

*Cash Flows from Investing Activities from Continuing Operations.* Cash flows used in investing activities from continuing operations were $38.8 million for the nine months ended September 30, 2019 compared to cash flows used in investing activities from continuing operations of $36.8 million for the nine months ended September 30, 2018. During the nine months ended September 30, 2019, the Company used $50.8 million in cash related to capital expenditures and received $12.0 million from the dispositions of assets. During the nine months ended September 30, 2018, the Company used $44.5 million in cash related to capital expenditures and received $12.4 million in cash from the disposition of assets.

*Cash Flows from Financing Activities from Continuing Operations.* Cash flows used in financing activities from continuing operations were $106.2 million for the nine months ended September 30, 2019 compared to cash flows used in financing activities from continuing operations of $381.1 million for the nine months ended September 30, 2018. During the nine months ended September 30, 2019, long-term debt decreased by $124.9 million and revolving debt remained flat. The decrease in debt is primarily due to the Company's continuing efforts to deleverage. During the nine months ended September 30, 2018, long-term debt decreased by $41.4 million and revolving debt decreased by $284.0 million, a net use of cash of $325.4 million. During the nine months ended September 30, 2019, the Company received cash of $20.7 million from discontinued operations. During the nine months ended September 30, 2018, the Company provided $13.4 million to fund discontinued operations and acquired noncontrolling interests for $28.7 million. In addition, for the nine months ended September 30, 2019 and 2018, the Company had net cash uses of $2.0 million and $13.2 million, respectively, related to employee stock and equity transactions.

*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 charges 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 nine months ended September 30, 2019 totaled $50.8 million, which excludes accruals until they are settled. These expenditures included $9.3 million related to information technology, $29.3 million related to normal capital purchases or improvements and $12.3 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 approximately $65 million to $75 million.

**Debt and Financing Transactions**

As of September 30, 2019, the Company had total committed capacity, defined as maximum available borrowings under various existing debt arrangements plus cash and cash equivalents, of $8,711.2 million. Of this committed capacity, $7,393.7 million was outstanding as debt, $77.5 million was outstanding as letters of credit and $1,240.0 million was unused. As of September 30, 2019, 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 | $ 167,500 | $ — | $ — | $ 167,500 |
| Bank senior secured revolving credit facility maturing in 2022[(a)] — alternate bases | 850,000 | 11,500 | — | 838,500 |
| Bank senior secured term loans maturing in 2024—LIBOR with a 1.0% floor + 2.75%[(b)] | 4,258,700 | — | 4,258,700 | — |
| 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 | 66,000 | 100,000 | 234,000 |
| | $ 8,711,200 | $ 77,500 | $ 7,393,700 | $ 1,240,000 |

(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 facility and senior secured term loan facility 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 finance 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 September 30, 2019.

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. As of September 30, 2019, 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 uses 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 September 30, 2019, the Company has seven effective cash flow hedges. During the second quarter of 2019, the Company entered into three new interest rate swaps which effectively convert the interest payable on $750 million of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 1.86% through June 2021. The Company also continues to maintain two interest rate swaps which 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 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 to extend the Company's hedge of LIBOR with a 1% floor from February 2020 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 private equity or debt offerings or any combination thereof.

**Contractual Obligations**

The following table is a summary of the Company's major contractual payment obligations related only to the Company's debt instruments as of September 30, 2019 and does not include any of the Company's other major contractual payment obligations as of September 30, 2019.

**Major Contractual Obligations**
**As of September 30, 2019**
**(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) | — | — | — | 41,300 | 44,700 | 4,172,700 | 4,258,700 |
| Bank revolver principal (b) | — | — | — | — | — | — | — |
| Interest on fixed rate debt (c) | 30,700 | 161,400 | 161,400 | 161,300 | 106,500 | 113,700 | 735,000 |
| Interest on variable rate debt (d) | 48,800 | 179,800 | 172,200 | 171,200 | 168,900 | 35,200 | 776,100 |
| Accounts receivable facility (e) | — | — | — | 100,000 | — | — | 100,000 |
| | $ 79,500 | $ 341,200 | $ 333,600 | $ 831,600 | $ 1,517,900 | $ 5,801,000 | $ 8,904,800 |

(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 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 and excludes the impact of interest rate swaps. 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 September 30, 2019.
(e) Amounts reflect the Company's accounts receivable sale facility which matures in 2022.

During the nine months ended September 30, 2019, the Company entered into several new programming, research tools, information technology agreements and distribution agreements for which the Company is obligated to make payments of $21.0 million during the remainder of 2019, $74.6 million in 2020, $76.4 million in 2021, $54.5 million in 2022, $8.2 million in 2023 and $30.0 million thereafter.

***Off-Balance Sheet Arrangements***

As of September 30, 2019, 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 September 30, 2019, the Company had approximately $1.0 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 $2.3 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 a deferred 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 DMA. Local advertising revenue is generated from local merchants and service providers and regional and national businesses and advertising agencies located in the local 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.

Linear advertising revenue is recognized when advertising spots are aired 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, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. For impression-based digital advertising revenue is recognized when "impressions" are delivered while revenue from non-impression-based digital advertising is recognized over the period that the advertisements are displayed. "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 programming content of the Company's broadcast networks, cable networks and stations 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 and 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 by 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, for example, 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. Judgment 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 during which services are provided. 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 that the Company does not own (referred to as "affiliates") affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its 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. Content licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. 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 programming

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 expenses 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 total expected 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. 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 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. 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.

**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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Income from continuing operations | $ 77,400 | $ 12,400 | $ 206,300 | $ 189,900 |
| Provision for income taxes | 24,400 | 5,800 | 65,100 | 60,000 |
| Income before income taxes | 101,800 | 18,200 | 271,400 | 249,900 |
| Other expense (income): | | | | |
| Interest expense | 95,000 | 98,300 | 288,400 | 293,200 |
| Interest income | (3,400) | (3,300) | (10,200) | (9,500) |
| Amortization of deferred financing costs | 2,000 | 1,900 | 5,800 | 5,700 |
| Other[a] | — | (1,700) | (8,000) | 3,000 |
| Operating income | 195,400 | 113,400 | 547,400 | 542,300 |
| Depreciation and amortization | 38,400 | 41,100 | 114,900 | 125,700 |
| Impairment loss[b] | 2,300 | 19,700 | 8,900 | 37,400 |
| Restructuring, severance and related charges | 11,000 | 54,900 | 24,300 | 96,700 |
| Loss (gain) on dispositions[c] | 1,600 | (2,500) | 10,500 | (24,400) |
| Share-based compensation | 6,400 | 4,000 | 17,600 | 14,100 |
| Other adjustments[d] | 1,900 | 400 | 3,400 | 2,000 |
| **Adjusted OIBDA** | $ 257,000 | $ 231,000 | $ 727,000 | $ 793,800 |

(a) Other is primarily comprised of (income) loss arising from the Company's investments.

(b) Impairment loss is comprised of the write-down of program rights due to decisions not to air or revised estimates of ultimate revenue in the Media Networks segment and charges on certain lease assets.

(c) Loss (gain) on dispositions primarily relates to the write-off of facility-related assets. In the first quarter of 2018, the Company recognized a gain related to the sale of a portion of the Company's spectrum assets in the FCC's broadcast incentive auction.

(d) Other adjustments is primarily comprised of transaction and letter of credit fees.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Adjusted OIBDA | $ 257,000 | $ 231,000 | $ 727,000 | $ 793,800 |
| Less expenses included in Adjusted OIBDA but excluded from Bank Credit Adjusted OIBDA: | | | | |
| Adjustments for certain entities not treated as subsidiaries and subsidiaries designated as unrestricted subsidiaries under senior secured credit facilities and indentures[a] | (200) | (1,500) | 200 | 1,100 |
| Contractual adjustments under senior secured credit facilities and indentures[b] | 4,700 | 39,500 | 16,900 | 49,600 |
| Bank Credit Adjusted OIBDA | $ 261,500 | $ 269,000 | $ 744,100 | $ 844,500 |

(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 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. "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 did not 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: risks and uncertainties as to the structure, terms and timing of any strategic transaction resulting from the Company's Board of Director's review of strategic options and whether it will be completed; the impact of any such strategic transaction on the Company's businesses, and whether the strategic benefits of any such strategic transaction can be achieved; 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; 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 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.