

ENTRAVISION COMMUNICATIONS CORP

Form 10-K

March 06, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT

PURSUANT TO SECTIONS 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2014

OR

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

For the Transition Period from to

Commission File Number 1-15997

ENTRAVISION COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
2425 Olympic Boulevard, Suite 6000 West

95-4783236
(I.R.S. Employer
Identification No.)

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Santa Monica, California 90404

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (310) 447-3870

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

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The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2014 was approximately \$436,778,147 (based upon the closing price for shares of the registrant's Class A common stock as reported by The New York Stock Exchange for the last trading date prior to that date).

As of March 2, 2015, there were 63,214,591 shares, \$0.0001 par value per share, of the registrant's Class A common stock outstanding, 14,927,613 shares, \$0.0001 par value per share, of the registrant's Class B common stock outstanding and 9,352,729 shares, \$0.0001 par value per share, of the registrant's Class U common stock outstanding.

Portions of the registrant's Proxy Statement for the 2015 Annual Meeting of Stockholders scheduled to be held on May 28, 2015 are incorporated by a reference in Part III hereof.

ENTRAVISION COMMUNICATIONS CORPORATION

FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

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

- risks related to our substantial indebtedness or our ability to raise capital;
- provisions of our debt instruments, including the agreement dated as of May 31, 2013, or the 2013 Credit Agreement, which governs our current credit facility, or the 2013 Credit Facility, the terms of which restrict certain aspects of the operation of our business;
- our continued compliance with all of our obligations, including financial covenants and ratios, under the 2013 Credit Agreement;
- cancellations or reductions of advertising due to the then current economic environment or otherwise;
- advertising rates remaining constant or decreasing;
- the impact of rigorous competition in Spanish-language media and in the advertising industry generally;
- the impact on our business, if any, as a result of changes in the way market share is measured by third parties;
- our relationship with Univision Communications Inc., or Univision;
- the extent to which we continue to generate revenue under retransmission consent agreements;
- subject to restrictions contained in the 2013 Credit Agreement, the overall success of our acquisition strategy and the integration of any acquired assets with our existing operations;
- industry-wide market factors and regulatory and other developments affecting our operations;
- economic uncertainty;
- the impact of any potential future impairment of our assets;
- risks related to changes in accounting interpretations; and
- the impact, including additional costs, of mandates and other obligations that may be imposed upon us as a result of new federal healthcare laws, including the Affordable Care Act, the rules and regulations promulgated thereunder and any executive action with respect thereto.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Risk Factors,” beginning at page 28 below.

ITEM 1. BUSINESS

The discussion of the business of Entravision Communications Corporation and its wholly-owned subsidiaries, or Entravision, is as of the date of filing this report, unless otherwise indicated.

Overview

Introduction

Entravision is a diversified media company serving Hispanic audiences primarily throughout the United States and the border markets of Mexico with a combination of television, radio and digital media properties. We believe that we are the largest independent public media company focused principally on the U.S. Hispanic audience.

We own and/or operate 58 primary television stations located primarily in California, Colorado, Connecticut, Florida, Kansas, Massachusetts, Nevada, New Mexico, Texas and Washington, D.C. Entravision is the largest affiliate group of both the top-ranked Univision television network and Univision's UniMás network, with television stations in 20 of the nation's top 50 U.S. Hispanic markets. Univision's primary network is the most watched television network (English- or Spanish-language) among U.S. Hispanic households during primetime. Univision is a key source of programming for our television broadcasting business and we consider it to be a valuable strategic partner of ours. For a more complete discussion of our relationship with Univision, please see "Our Relationship with Univision" and "Television – Television Programming" below and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview"; and for a discussion of various risks related to our relationship with Univision, please see "Risk Factors."

We own and operate one of the largest groups of primarily Spanish-language radio stations in the United States. We own and operate 49 radio stations in 19 U.S. markets. Our radio stations consist of 38 FM and 11 AM stations located in Arizona, California, Colorado, Florida, Nevada, New Mexico and Texas. We also own and operate a national sales representation firm, Entravision Solutions, through which we sell advertisements and syndicate radio programming to approximately 350 stations across the United States.

We also own and operate an online advertising platform that delivers digital advertising in a variety of formats to reach Hispanics audiences on Internet-connected devices.

We generate revenue primarily from sales of national and local advertising time on television stations, radio stations and digital media platforms, and from retransmission consent agreements that are entered into with Multichannel Video Programming Distributors, or MVPDs. Advertising rates are, in large part, based on each medium's ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast and when display or other digital advertisements record impressions on the websites of our third party publishers. We do not obtain long-term commitments from our advertisers and, consequently, they may cancel, reduce or postpone orders without penalties. We pay commissions to agencies for local, regional and national advertising. For contracts directly with agencies, we record net revenue from these agencies. Seasonal revenue fluctuations are common in our industry and are due primarily to variations in advertising expenditures by both local and national advertisers. Our first fiscal quarter generally produces the lowest net revenue for the year. In addition, advertising revenue is generally higher during presidential election years (2016, 2020, etc.) resulting from political advertising.

We refer to the revenue generated by agreements with MVPDs as retransmission consent revenue, which represents payments from MVPDs for access to our television station signals so that they may rebroadcast our signals and charge their subscribers for this programming. We recognize retransmission consent revenue when it is accrued pursuant to the agreements we have entered into with respect to such revenue.

Our net revenue for the year ended December 31, 2014 was approximately \$242.0 million. Of this amount, revenue generated by our television segment accounted for approximately 68%, revenue generated by our radio segment

accounted for approximately 29%, and revenue generated by our digital segment accounted for approximately 3% of the total.

Our primary expenses are employee compensation, including commissions paid to our sales staff and amounts paid to our national representative firms, as well as expenses for marketing, promotion and selling, technical, local programming, engineering, and general and administrative. Our local programming costs for television consist primarily of costs related to producing a local newscast in most of our markets.

Our principal executive offices are located at 2425 Olympic Boulevard, Suite 6000 West, Santa Monica, California 90404, and our telephone number is (310) 447-3870. Our corporate website is www.entravision.com.

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

Business Strategy

Our strategy is to reach Hispanic audiences primarily throughout the United States and the border markets of Mexico. We operate media properties in 14 of the 20 highest-density U.S. Hispanic markets. In addition, among the top 25 U.S. Hispanic markets, we operate media properties in 10 of the 15 fastest-growing markets. We believe that targeting the U.S. Hispanic market will translate into revenue growth in the future, including for the following reasons:

- **U.S. Hispanic Population Growth.** Our audience consists primarily of Hispanics, one of the fastest-growing segments of the U.S. population and, by current U.S. Census Bureau estimates, now the largest minority group in the United States. Almost 54 million Hispanics live in the United States, accounting for over 17% of the total U.S. population. The overall Hispanic population is growing at over eight times the rate of the non-Hispanic population and is expected to grow to 84 million, or approximately 22% of the total U.S. population, by 2032. Approximately 50% of the total future growth in the U.S. population through 2032 is expected to come from the Hispanic community.
- **Spanish-Language Use.** Approximately 75% of Hispanics age five and over in the United States speak some Spanish at home. The number of U.S. Hispanics that speak some Spanish at home is expected to grow from 34.3 million in 2010 to 56.6 million in 2030.
- **Increasing U.S. Hispanic Buying Power.** The U.S. Hispanic population is estimated to have accounted for total consumer expenditures of over \$911 billion in 2012, the most recent year for which such information is available. Hispanics are expected to account for over \$1 trillion in consumer expenditures by 2017, and by 2027 Hispanics are expected to account for approximately \$2 trillion in consumer expenditures, or 14% of total U.S. consumer spending. Hispanic buying power is expected to grow at nearly three times the rate of the Hispanic household population growth by 2032.
- **Attractive Profile of U.S. Hispanic Consumers.** We believe that the demographic profile of the U.S. Hispanic audience makes it attractive to advertisers. We also believe that the larger average size and younger average age of Hispanic households (averaging 3.4 persons and 30.0 years of age as compared to the U.S. non-Hispanic averages of 2.4 persons and 42.3 years of age) lead Hispanics to spend more per household on many categories of goods and services. Although the average U.S. Hispanic household has less disposable income than the average U.S. household, the average U.S. Hispanic household spends 5% more per year than the average U.S. non-Hispanic household on food at home, 17% more on quick service restaurants, 66% more on children's clothing, 42% more on footwear, 34% more on laundry and household cleaning products and 21% more on mobile telephones. We expect Hispanics to continue to account for a disproportionate share of growth in spending nationwide in many important consumer categories as the U.S. Hispanic population and its disposable income continue to grow.
- **Spanish-Language Advertising.** Over \$8.3 billion of total advertising expenditures in the United States were placed with Spanish-language media in 2013, the most recent year for which such data is available, of which approximately 79% was placed with Spanish-language television and radio advertising.

We seek to increase our revenue through the following strategies:

Develop Unique and Compelling Content and Strong Brands While Effectively Using the Brands of Our Network Affiliates. We make substantial investments in areas such as market research, data analysis and creative talent to license and create content for our television, radio and digital media properties that is relevant and has a meaningful impact on the communities we serve.

We are the largest affiliate group of both the top-ranked Univision primary television network and Univision's UniMás network. According to Univision, its primary network beat one or more of the English-language broadcast networks on 92% of the first 25 nights of the November 2014 sweeps period among adults 18-34 years of age, and 76% of nights among adults 18-49 years of age. Univision's primary network, together with its UniMás network, represented approximately a 65% share of the U.S. Spanish-language network television prime time audience of persons 2+ years of age as of May 2014. Univision makes its networks' Spanish-language programming available to our television stations 24 hours a day, seven days a week, including a prime time schedule on its primary network of substantially all first-run programming throughout the year. We believe that the breadth and diversity of Univision's programming, combined with our local news and community-oriented segments, provide us with an advantage over other Spanish-language and English-language broadcasters in reaching U.S. Hispanic viewers. Our local content is designed to brand each of our stations as the best source for relevant community information that accurately reflects local interests and needs.

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

Develop Local Content, Programming and Community Involvement. We believe that local content and service to the community in each of our markets is an important part of building our brand identity within those markets. By combining our local news, local content and quality network programming, we believe that we have a significant competitive advantage. We also believe that our active community involvement, including station remote broadcasting appearances at client events, concerts and tie-ins to major events, helps to build station awareness and identity as well as viewer and listener loyalty.

Distribute News and Other Content Across Our Television, Radio and Digital Media Properties. We develop our own news, entertainment and lifestyle content and radio shows including “Erazno y La Chokolata”, and produce a Sunday morning political talk show, “Perspectiva Nacional”. We also employ our own White House correspondent in Washington, D.C. We distribute this content across our television, radio and digital media properties. In addition, through Entravision Solutions, a division of our company, we syndicate certain of our radio shows including “Erazno y La Chokolata” and other programs including “El Show de Piolin” and “El Show de Alex ‘El Genio’ Lucas” across a network of approximately 350 radio stations, which includes our radio stations as well as other radio stations that we do not own or operate, in 105 markets throughout the United States.

Extend the Reach and Relevance of Our Brands Through Digital Platforms. In recent years, we have also enhanced the distribution of our content through digital platforms, such as the Internet and mobile phones. We believe these digital platforms offer excellent opportunities to further enhance the relationships we have with our audiences by allowing them to engage and share our content in new ways and providing us with new distribution channels for one-to-one communication with them.

Continuing to Offer Advertisers an Integrated Platform of Services. We believe that our uniquely diversified media portfolio provides us with a competitive advantage in targeting the Hispanic consumer. We offer advertisers the opportunity to reach potential customers through an integrated platform of services that includes television, radio and digital media properties. Currently, we operate some combination of television and radio in 11 markets, which we sometimes refer to as combination markets, and, where possible, we also combine our television and radio operations to create synergies and achieve cost savings.

Continuing to Innovate and Invest in Technology and Data. We intend to continue to make investments in our digital media platforms, sales tools and research and development to further increase the efficiency and effectiveness of our television, radio and digital media advertising platforms.

Target Strategic Acquisitions and Investments. We plan to continue to evaluate opportunities to acquire complementary businesses and technologies that are consistent with our overall growth strategy. We believe that our knowledge of, and experience with, the U.S. Hispanic marketplace will enable us to identify acquisitions of television, radio and digital media properties. Since our inception, we have used our management expertise, programming, local involvement and brand identity to improve our acquired media properties and audience reach. However, we are currently subject to certain limitations on acquisitions under the terms of the 2013 Credit Agreement. Please see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” below.

Acquisition and Disposition Strategies

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

One of our goals has been to create and grow our combination markets, featuring both Univision and UniMás television stations, together with a strong radio presence and digital media properties. We believe that these combination markets provide unique cross-selling and cross-promotional opportunities, making Entravision an attractive option for advertisers wishing to reach the U.S. Hispanic consumer. Accordingly, in addition to targeting media properties in U.S. Hispanic markets where we do not own media properties, we have focused on potential acquisitions of additional media properties in our existing markets that will enhance our offerings to the U.S. Hispanic marketplace. In addition, we plan to continue to evaluate opportunities to acquire complementary businesses and technologies that are consistent with our overall growth strategy.

We are subject to certain limitations on acquisitions under the terms of the 2013 Credit Agreement. We cannot at this time determine the effect that these limitations will have on our acquisition strategy or our overall business. Please see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources”.

In addition, we periodically review our portfolio of media properties and, from time to time, seek to divest non-core assets in markets where we do not see the opportunity to grow to scale and build out clusters. We are subject to certain limitations on divestitures under the terms of the 2013 Credit Agreement. We cannot at this time determine the effect that these limitations will have on our disposition strategy or our overall business. Please see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources”.

We have a history of net losses in some years and net income in other years that may impact, among other things, our ability to implement our growth strategies. We had net income of approximately \$27.1 million, \$133.8 million and \$13.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Our Relationship with Univision

Substantially all of our television stations are Univision- or UniMás-affiliated television stations. Our network affiliation agreements, as amended, with Univision provide certain of our owned stations the exclusive right to broadcast Univision’s primary network and UniMás network programming in their respective markets. These long-term affiliation agreements each expire in 2021, and can be renewed for multiple, successive two-year terms at Univision’s option, subject to our consent. Under our Univision network affiliation agreement, we retain the right to sell approximately six minutes per hour of the available advertising time on Univision’s primary network, subject to adjustment from time to time by Univision, but in no event less than four minutes. Under our UniMás network affiliation agreement, we retain the right to sell approximately four and a half minutes per hour of the available advertising time the UniMás network, subject to adjustment from time to time by Univision.

Under the network affiliation agreements, Univision acts as our exclusive third-party sales representative for the sale of national advertising on our Univision- and UniMás-affiliate television stations, and we pay certain sales representation fees to Univision relating to sales of all advertising for broadcast on our Univision- and UniMás-affiliate television stations.

We also generate revenue under two marketing and sales agreements with Univision, which give us the right through 2021 to manage the marketing and sales operations of Univision-owned UniMás and Univision affiliates in six markets – Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C.

In August 2008, we entered into a proxy agreement with Univision pursuant to which we granted to Univision the right to negotiate the terms of retransmission consent agreements for our Univision- and UniMás-affiliated television station signals for a term of six years, expiring in December 2014, which Univision and we have extended through March 31, 2015. Among other things, the proxy agreement provides terms relating to compensation to be paid to us by Univision with respect to retransmission consent agreements entered into with MVPDs. During the years ended December 31, 2014 and 2013, retransmission consent revenue accounted for approximately \$26.4 million and \$22.2 million, respectively. The term of the proxy agreement extends with respect to any MVPD for the length of the term of any retransmission consent agreement in effect before the expiration of the proxy agreement. It is our current intention to negotiate with Univision an extension of the current proxy agreement or a new proxy agreement; however, no assurance can be given regarding the terms of any such extension or new agreement or that any such extension or new agreement will be entered into.

Univision currently owns approximately 10% of our common stock on a fully-converted basis. Our Class U common stock held by Univision has limited voting rights and does not include the right to elect directors. As the holder of all

of our issued and outstanding Class U common stock, so long as Univision holds a certain number of shares, we may not, without the consent of Univision, merge, consolidate or enter into another business combination, dissolve or liquidate our company or dispose of any interest in any Federal Communications Commission, or FCC, license for any of our Univision-affiliated television stations, among other things. Each share of Class U common stock is automatically convertible into one share of Class A common stock (subject to adjustment for stock splits, dividends or combinations) in connection with any transfer to a third party that is not an affiliate of Univision.

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Television

Overview

We own and/or operate Univision-affiliated television stations in 24 markets, including 20 of the top 50 Hispanic markets in the United States. Our television operations are the largest affiliate group of the Univision networks. Univision's primary network is the leading Spanish-language network in the United States, reaching approximately 97% of all U.S. Hispanic households, and is the most watched television network (English- or Spanish-language) among U.S. Hispanic households during prime time. Univision's primary network, together with its UniMás network, represent approximately a 65% share of the U.S. Spanish-language network television prime time audience of persons 2+ years of age as of May 2014. We operate both Univision and UniMás affiliates in 20 of our 24 television markets. Univision's networks make their Spanish-language programming available to our Univision-affiliated stations 24 hours a day, seven days a week. Univision's prime time schedule on its primary network consists of substantially all first-run programming throughout the year.

Television Programming

Univision Primary Network Programming. Univision directs its programming primarily toward a young, family-oriented audience. It begins daily with *Despierta America*, a drama show and another talk show, Monday through Friday, followed by novelas. In the late afternoon and early evening, Univision offers an entertainment magazine, a news magazine and national news, in addition to local news produced by our television stations. During prime time, Univision airs novelas, as well as specials. Prime time is followed by late news. Overnight programming consists primarily of repeats of programming aired previously on the network. Weekend daytime programming begins with children's programming, and is generally followed by sports, reality, comedy shows and movies.

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

UniMás Network Programming. Univision's other 24-hour general-interest Spanish-language broadcast network, UniMás, is programmed to meet the diverse preferences of the multi-faceted U.S. Hispanic community. UniMás's programming includes sports (including boxing, soccer and a nightly wrap-up at 11 p.m. similar to ESPN's programming), movies (including a mix of English-language movies translated into Spanish) and novelas not run on Univision's primary network, as well as reruns of popular novelas broadcast on Univision's primary network.

Entravision Local Programming. We believe that our local news brands our stations in our television markets. We shape our local news to relate to and inform our audiences. In 14 of our television markets, our early local news is ranked first or second among competing local newscasts regardless of language in its designated time slot among adults 18-49 years of age. We have made substantial investments in people and equipment in order to provide our local communities with quality newscasts. Our local newscasts have won numerous awards, and we strive to be the most important community voice in each of our local markets. In several of our markets, we believe that our local news is the only significant source of Spanish-language daily news for the Hispanic community.

Network Affiliation Agreements. Substantially all of our television stations are Univision- or UniMás-affiliated television stations. Our network affiliation agreements with Univision provide certain of our owned stations the exclusive right to broadcast Univision's primary network and UniMás network programming in their respective markets. These long-term affiliation agreements each expire in 2021, and can be renewed for multiple, successive

two-year terms at Univision's option, subject to our consent. Under our Univision network affiliation agreement, we retain the right to sell approximately six minutes per hour of the available advertising time on Univision's primary network, subject to adjustment from time to time by Univision, but in no event less than four minutes. Under our UniMás network affiliation agreement, we retain the right to sell approximately four and a half minutes per hour of the available advertising time the UniMás network, subject to adjustment from time to time by Univision.

XHAS-TV broadcasts Telemundo Network Group LLC, or Telemundo, network programming serving the Tijuana/San Diego market pursuant to a network affiliation agreement. Our current network affiliation agreement with Telemundo gives us the right to provide Telemundo network programming on XHAS-TV through June 2017. The affiliation agreement grants Telemundo a right of first refusal in the event a third party makes an offer to purchase XHAS-TV, and a right to purchase XHAS-TV upon a change of control of Entravision.

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Our network affiliation agreement with Fox Broadcasting Company, or Fox, gives us the right to broadcast Fox network programming on KFXV-LD, serving the Matamoros/Harlingen-Weslaco-Brownsville-McAllen market, and KXOF-CA, serving the Laredo market, through December 31, 2017. The network affiliation agreement may be extended for successive one-year terms at Fox's option, subject to our consent.

Our network affiliation agreements with MundoFox Broadcasting LLC, or MundoFox, gives us the right to broadcast MundoFox network programming on XHRIO-TV, serving the Matamoros/Harlingen-Weslaco-Brownsville-McAllen market, and on XDTV-TV, serving the Tecate/San Diego market, through July 31, 2018, and on the secondary program stream of KXOF-CA, serving the Laredo market, the secondary program stream of KTFN-TV, serving the El Paso market, and the secondary program stream of KVYE-TV, serving the Yuma-El Centro market through July 31, 2016.

We also have an agreement with Master Distribution Service, Inc., an affiliate of Fox, which gives us the right to provide ten hours per week of MyNetworkTV programming on KFXV-LD, KXOF-CA and on the secondary program stream of XDTV-TV, serving the Tecate/San Diego market. This agreement expires in October 2015 and may be extended for successive one-year periods by mutual consent of the parties.

Our network affiliation agreement with The CW Network, LLC, or CW, gives us the right to broadcast CW network programming on KCWT-CA and KNVO-DT serving the Harlingen-Weslaco-Brownsville-McAllen market, and KRNS-CA and KREN-DT, serving the Reno, Nevada market, through 2018.

Our network affiliation agreement with LATV Networks, LLC, or LATV, gives us the right to broadcast LATV network programming on the digital streams of certain of our television stations. Either party may terminate the affiliation with respect to a given station 30 months after the launch of such station. For a more complete discussion of this agreement, please see Note 14 to Notes to Consolidated Financial Statements.

We cannot guarantee that any of our current network affiliation agreements will be renewed beyond their respective expiration dates under their current terms, under terms satisfactory to us, or at all.

Marketing Agreements. Our marketing and sales agreement with Univision gives us the right through 2021 to manage the marketing and sales operations of Univision-owned UniMás and Univision affiliates in six markets – Albuquerque, Boston, Denver, Orlando, Tampa and Washington, D.C. We have also entered into marketing and sales agreements with other parties in certain of our other markets.

Long-Term Time Brokerage Agreements. We operate each of XDTV-TV, serving the Tecate/San Diego market; XHAS-TV, serving the Tijuana/San Diego market; and XHRIO-TV, serving the Matamoros/Harlingen-Weslaco-Brownsville-McAllen market, under long-term time brokerage agreements. Under those agreements, in combination with certain of our Mexican affiliates and subsidiaries, we provide the programming and related services available on these stations, but the stations retain absolute control of the content and other broadcast issues. These long-term time brokerage agreements expire in 2030, 2035 and 2038, respectively, and each provides for automatic, perpetual 30-year renewals unless both parties consent to termination. Each of these agreements provides for substantial financial penalties should the other party attempt to terminate prior to its expiration without our consent, and they do not limit the availability of specific performance as a remedy for any such attempted early termination.

Our Television Station Portfolio

The following table lists information concerning each of our owned and/or operated television stations and its respective market:

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Market	Market Rank (by Hispanic Households)	Total Households	Hispanic Households	% Hispanic Households	Call Letters	Principal Programming Stream
Harlingen-Weslaco-Brownsville-McAllen, Texas	10	363,090	315,520	86.9 %	KNVO-TV KTFV-CD (1) KFXV-LD KXFX-CA (1) KCWT-CD (1)	Univision UniMás Fox Fox CW
San Diego, California	13	1,054,350	260,800	24.7 %	KBNT-CD (1) KHAX-LP KDTF-LD KZTC-LP (2) KTCD-LP	Univision Univision UniMás MyNetworkTV LATV

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Market	Market Rank		Hispanic Households	% Hispanic Households	Call Letters	Principal Programming Stream	
	(by Hispanic Households)	Total Households					
Albuquerque-Santa Fe, New Mexico	12	679,380	261,200	38.4	% KLUZ-TV KTFQ-TV (2) KTFA-LP	Univision UniMás Home Shopping Network	
	Denver-Boulder, Colorado	17	1,565,760	243,430	15.5	% KCEC-TV KTFD-TV (2)	Univision UniMás
						KDVT-LP	LATV
El Paso, Texas	18	337,890	242,160	71.7	% KINT-TV	Univision	
Orlando-Daytona Beach-Melbourne, Florida	15	1,472,960	249,990	17.0	% KTFN-TV	UniMás	
					% WVEN-TV	Univision	
					W47DA WVCI-LP	Univision Univision	
Washington, D.C. (Hagerstown, Maryland)	19	2,408,990	233,980	9.7	WOTF-TV (2)	UniMás	
					% WFDC-TV (2)	Univision	
					WMDO-CA (1) (5)	UniMás	
					WMDO-LD (5)	UniMás	
Tampa-St. Petersburg (Sarasota), Florida	20	1,822,550	225,410	12.4	% WJAL-TV	English-Language	
					% WVEA-TV WFTT-TV (2)	Univision	
					WVEA-LP	UniMás Jewelry TV	
Boston, Massachusetts	22	2,423,640	174,740	7.2	% WUNI-TV	Univision	
					WUTF-TV (2)	UniMás	
Las Vegas, Nevada	24	718,820	160,540	22.3	% KINC-TV	Univision	
					KNTL-LP	Univision	
					KWWB-LP	Univision	
					KELV-LD	UniMás	
Corpus Christi, Texas	27	207,730	116,660	56.2	%	Univision	

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						KORO-TV KCRP-CA (1)	UniMás
Hartford-New Haven, Connecticut	29	968,450	104,430	10.8	%	WUVN-TV WUTH-CD (1)	Univision
Monterey-Salinas-Santa Cruz, California	34	224,080	79,100	35.13	%	KSMS-TV KDJT-CA (1)	UniMás Univision
Laredo, Texas	37	73,070	68,950	94.4	%	KCBA-TV (2) KLDO-TV KETF-CD KXOF-CD (1)	UniMás Fox Univision UniMás Fox
Yuma, Arizona-El Centro, California	39	109,420	67,030	61.3	%	KVYE-TV KAJB-TV (2)	Univision UniMás
Odessa-Midland, Texas	38	155,110	68,010	43.8	%	KUPB-TV	Univision
Colorado Springs-Pueblo, Colorado	42	348,020	61,350	17.46	%	KVSN-TV KGHB-CD (1)	Univision UniMás
Santa Barbara-Santa Maria- San Luis Obispo, California	45	230,230	57,910	25.12	%	KPMR-TV K17GD (1) K50LZ-D (1) KTSB-CA (1) K10OG (1)	Univision Univision Univision UniMás Univision
Palm Springs, California	48	154,320	55,270	35.8	%	KVER-CA (1) (5) KVER-LD (5) KVES-LD KEVC-CA (1)	Univision Univision Univision UniMás
Lubbock, Texas	49	158,400	53,940	34.1	%	KBZO-LD	Univision
Wichita-Hutchinson, Kansas	53	441,760	44,160	10.0	%	KDCU-DT (3)	Univision
Reno, Nevada	60	265,980	39,730	14.9	%	KREN-TV KRNS-CD (1)	Univision CW
Springfield-Holyoke, Massachusetts	64	248,290	35,250	14.2	%	WHTX-LD	Univision

Market	Market Rank		%		Call Letters	Principal Programming Stream
	(by Hispanic Households)	Total Households	Hispanic Households	Hispanic Households		
San Angelo, Texas	91	55,400	18,170	32.8 %	KEUS-LD (1)	Univision
Tecate, Baja California, Mexico (San Diego)	—	—	—	—	KANG-LP XDTV-TV (4)	UniMás Mundo Fox
Tijuana, Baja California, Mexico (San Diego)	—	—	—	—	XHAS-TV (4)	Telemundo
Matamoros, Tamaulipas, Mexico (Harlingen-Weslaco-Brownsville-McAllen)	—	—	—	—	XHRIO-TV (4)	MundoFox

Source: Nielsen Media Research 2015 universe estimates.

- (1) “CA” or “CD” in call letters indicates station is under Class A television service. Certain stations without this designation are also Class A stations.
- (2) We provide the sales and marketing function of this station under a marketing and sales arrangement.
- (3) We share operating services with another broadcast station in the same market under a shared services arrangement.
- (4) We hold a minority, limited voting interest (neutral investment) in the entity that directly or indirectly holds the broadcast license for this station. Through that entity, we provide the programming and related services available on this station under a time brokerage arrangement. The station retains control of the contents and other broadcast issues.
- (5) In certain of our television markets, the FCC has granted us permission to operate a digital companion channel that rebroadcasts the analog programming of a low-power or Class A station in the digital mode. We are required, by the end of the digital transition for low-power and Class A stations, to return one of the two companion channels to the FCC.

Digital Television Technology. As we continue to develop our digital television transmission technology for our television stations, we will operate in an environment where we can decide the resolution and number of broadcast streams we provide in our over-the-air transmissions. Depending upon how high a resolution level with which we elect to transmit our programming, we have the potential to transmit over-the-air broadcast streams containing a total of from two to six program streams using the bandwidth authorized to each digital station. The transmission of such multiple programming streams is referred to as multicasting. We currently are multicasting network programming streams, primarily UniMás network programming and LATV network programming streams, at a number of our stations, along with our primary program streams. In addition, we are multicasting CW, MundoFox and MyNetworkTV network programming in certain of our markets. We periodically evaluate these multicasting operations as well as the amount of bandwidth we must allocate to our primary program streams and may consider either expanding or limiting our multicasting operations, or keeping these multicasting operations substantially as at present, in the future.

Other Platforms. We also offer mobile, digital and other interactive media platforms and services, including local websites and social media, that provide users with news, information and other content. Beginning in 2015, we are integrating these platforms and services into our digital media operations.

Television Advertising

Approximately 84% of the revenue generated from our television operations is derived from local and national advertising.

Local. Local advertising revenue is generated predominantly from advertising time sold to an advertiser or its agency that is placed from within a station's market or directly with a station's sales staff. Local advertising sales include sales to advertisers that are local businesses or advertising agencies, and regional and national businesses or advertising agencies, which place orders from within a station's market or directly with a station's sales staff. We employ our own local sales force that is responsible for soliciting local advertising sales directly from advertisers and their agencies. In 2014, local advertising accounted for approximately 43% of our total television revenue.

National. National advertising revenue generally represents revenue from advertising time sold to an advertiser or its agency that is placed from outside a station's market. We typically engage national sales representative firms to work with our station sales managers and solicit national advertising sales, and we pay certain sales representation fees to these firms relating to national advertising sales. Under our network affiliation agreements with Univision, Univision acts as our sales representative for the sale of national advertising on our Univision and UniMás affiliate television stations, and advertisers which have purchased national advertising on these affiliate stations include Cox Communications, Inc., Nissan Motor Co., Ltd., McDonald's Corporation, Ford Motor Company, H-E-B, Subway, Conn's, Inc., Toyota Motor Corporation and Jack in the Box Inc. We also added significant new national advertising accounts in 2014, including Wendy R. Davis for Governor, Inc., Republican Party of Florida, Service Employees International Union, Texans for Greg Abbot, and U.S. Chamber of Commerce, among others. Telemundo acts as our national sales representative for the sale of national advertising on our Telemundo affiliate station, and Petry Television acts as our national sales representative for the sale of national advertising on our stations that broadcast Fox, CW and MyNetworkTV network programming. In 2014, national advertising accounted for approximately 41% of our total television revenue.

Retransmission Consent Revenue

We also generate retransmission consent revenue from retransmission consent agreements that are entered into with MVPDs. This revenue represents payments from these entities for access to our television station signals so that they may rebroadcast our signals and charge their subscribers for this programming. In addition, we generally pay either a per subscriber fee or a share of the retransmission consent revenue received from MVPDs to the related networks, which we refer to as reverse network compensation.

In August 2008, we entered into a proxy agreement with Univision pursuant to which we granted to Univision the right to negotiate the terms of retransmission consent agreements for our Univision- and UniMás-affiliated television station signals for a term of six years, expiring in December 2014, which Univision and we have extended through March 31, 2015. Among other things, the proxy agreement provides terms relating to compensation to be paid to us by Univision with respect to retransmission consent agreements entered into with MVPDs. During the years ended December 31, 2014 and 2013, retransmission consent revenue accounted for approximately \$26.4 million and \$22.2 million, respectively. The term of the proxy agreement extends with respect to any MVPD for the length of the term of any retransmission consent agreement in effect before the expiration of the proxy agreement. It is our current intention to negotiate with Univision an extension of the current proxy agreement or a new proxy agreement; however, no assurance can be given regarding the terms of any such extension or new agreement or that any such extension or new agreement will be entered into.

In 2014, retransmission consent revenue accounted for approximately 16% of our total television revenue. We anticipate that retransmission consent revenue will continue to be a growing source of net revenues in future periods.

Television Marketing/Audience Research

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

- the station's ratings (households or people viewing its programs as a percentage of total television households or people in the viewing area);
- audience share (households or people viewing its programs as a percentage of households or people actually watching television at a specific time);
- the demographic qualities of a program's viewers (primarily age and gender);
- the demand for available air time;
- the time of day the advertising will run;
- competitive conditions in the station's market, including the availability of other advertising media; and
- general economic conditions, including advertisers' budgetary considerations.

Nielsen ratings provide advertisers with the industry-accepted measure of television viewing. Nielsen offers a ratings service measuring all television audience viewing. In recent years, Nielsen has modified the methodology of its ratings service in an effort to more accurately measure U.S. Hispanic viewing by using language spoken in the home as a control characteristic of its metered market sample. Nielsen has also added weighting by language as part of its local metered market methodology in many of our metered markets. Nielsen also continues to improve the methods by which it electronically measures television viewing, and has expanded its Local People Meter service to several of our markets. We believe that this improvement will continue to result in ratings gains for us, allowing us to further increase our advertising rates. We have made significant investments in experienced sales managers and account executives and have provided our sales professionals with research tools to continue to attract major advertisers.

Television Competition

We face intense competition in the television broadcasting business. In each local television market, we compete for viewers and revenue with other local television stations, which are typically the local affiliates of the four principal

English-language television networks, NBC, ABC, CBS and Fox and, in certain cities, the CW network. In certain markets (other than San Diego), we also compete with the local affiliates or owned and operated stations of Telemundo, the Spanish-language television network that was acquired by NBCUniversal (now owned by Comcast) in 2002, as well as TV Azteca, the second-largest producer of Spanish-language programming in the world.

We also directly or indirectly compete for viewers and revenue with both English- and Spanish-language independent television stations, other video media, suppliers of cable television programs, direct broadcast systems, newspapers, magazines, radio, applications for mobile media devices and other forms of entertainment and advertising. In addition, in certain markets we operate radio stations that indirectly compete for local and national advertising revenue with our television business.

We believe that our primary competitive advantages are the quality of the programming we receive through our affiliation with Univision and the quality of our local news. According to Univision, its primary network is one of the top five networks in the United States regardless of language and is the most-watched Spanish-language network in the United States during prime time. In addition, Univision reports that its primary network and the UniMás network together have maintained superior audience ratings among all U.S. Hispanic households when compared to both Spanish-language and English-language broadcast networks. Similarly, our local news achieves strong audience ratings. In 14 of our television markets, our early local news is ranked first or second among competing local newscasts regardless of language in its designated time slot among adults 18-49 years of age.

Telemundo is the second-largest Spanish-language television network in the United States. As of December 31, 2013, the most recent date for which data is available, Telemundo had total coverage reaching approximately 94% of all Hispanic households in its markets.

We also benefit from operating in different media: television and radio advertising. While we have not engaged in any significant cross-selling program, we do take advantage of opportunities for cross-promotion of our stations.

Radio

Overview

We own and operate 49 radio stations (38 FM and 11 AM), 48 of which are located in the top 50 Hispanic markets in the United States and a national sales representation firm, Entravision Solutions. Our radio stations broadcast into markets with an aggregate of approximately 20 million U.S. Hispanics, which is approximately 40% of the Hispanic population in the United States. Our radio operations combine network and local programming with local time slots available for advertising, news, traffic, weather, promotions and community events. This strategy allows us to provide quality programming with significantly lower costs of operations than we could otherwise deliver solely with all local programming.

Radio Programming

Radio Networks. Our networks allow advertisers with national product distribution to deliver a uniform advertising message to the growing Hispanic market around the country in an efficient manner.

Although our networks have a broad geographic reach, technology allows our stations to offer the necessary local feel and to be responsive to local clients and community needs. Designated time slots are used for local advertising, news, traffic, weather, promotions and community events. The audience gets the benefit of a national radio sound along with local content. To further enhance this effect, our on-air personalities frequently travel to participate in local promotional events. For example, in selected key markets our on-air personalities appear at special events and client locations. We promote these events as “remotes” to bond the national personalities to local listeners. Furthermore, all of our stations can disconnect from the networks and operate independently in the case of a local emergency or a problem with our central Multiprotocol Label Switching, or MPLS, transmission.

Radio Formats. Each of our three radio networks produce a music format that is simultaneously distributed via MPLS with a High Definition quality sound to our stations. Each of these formats appeals to different listener preferences:

- “La Tricolor” is a personality-driven format that includes “El Show de Piolin” in the morning drive which airs on 16 of our stations, “Erazno y La Chokolata” in the afternoon drive which airs on 15 of our stations and is syndicated on an additional 48 stations and Mexican country-style music that primarily targets male Hispanic listeners 18-49 years of age;
- “José: Nunca Sabes Lo Que Va A Tocar” (“You never know what he’ll play”) features a mix of Spanish-language adult contemporary and Mexican regional hits from the 1970s through the present, “El Genio” Alex Lucas in the mornings,

“Curvas Peligrosas”, a nutritionally-focused program that educates Hispanics on healthy lifestyles, and play-by-play soccer coverage of the Mexican national team, including coverage of the 2018 World Cup, that targets Hispanic adults 25-54 years of age;

· “Maria: Siempre Romantica” (“Maria: Always Romantic”) features a Spanish-language romantic ballads format targeting primarily Hispanic women 18-49 years of age; and

Our radio networks are broadcast into 15 of the 17 markets that we serve. In addition, in markets where competing stations already offer programming similar to our network formats, or where we otherwise identify an available niche in the marketplace, we run alternative programming that we believe will appeal to local listeners, including the following:

· In the El Paso market, we program “The Fox”, an English-language format that features classic rock and pop hits from the 1960s through the 1980s and targets primarily adults 25-54 years of age;

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- In the Las Vegas market, we program “El Gato”, an upbeat and energetic Mexican regional format targeting primarily Hispanic adults 18-34 years of age;
 - In the Los Angeles market, we program “Super Estrella”, a music-driven, pop and alternative Spanish-rock format targeting primarily Hispanic adults 18-34 years of age that includes “El Show de Piolin” in the morning drive;
 - In the McAllen market, we program a Mexican country-style music format that targets primarily Hispanic males 18-49 years of age that includes “El Show de Piolin” in the morning drive;
 - Also in the McAllen market, we program two English-language formats, a classic rock-oriented format that targets primarily males 18-49 years of age and a hit-based adult contemporary format targeting primarily women 18-49 years of age;
 - In the Orlando market, we program “Salsa 98.1”, a Spanish-language tropical hits format that features salsa, merengue and bachata and targets Hispanic adults 25-54 years of age;
 - In the Phoenix, El Paso, Lubbock, Stockton and Albuquerque markets, we program “ESPN Deportes”, a Spanish-language sports talk format targeting primarily Hispanic adults 18-54 years of age, that is provided to us by a third party pursuant to a network affiliation agreement; and
 - In the Sacramento market, we program two English-language formats, a rhythmic contemporary hit format targeting primarily females 18-34 years of age and a young country format targeting primarily adults 18-49 years of age.
- Our Radio Station Portfolio

The following table lists information concerning each of our owned and operated radio stations and its respective market:

Market	Market Rank (by Hispanic Households)	Station	Frequency	Format
Los Angeles-San Diego-Ventura, California	1	KLYY-FM	97.5 MHz	José
			103.1 MHz	
		KDLD-FM	103.1 MHz	José
			107.1 MHz	
		KDLE-FM	107.1 MHz	José
			107.1 MHz	
		KSSC-FM		Super Estrella (1)
		KSSD-FM		Super Estrella (1)
		KSSE-FM		Super Estrella (1)
Miami-Ft. Lauderdale-Hollywood, Florida	3	WLQY-AM	1320 kHz	Time Brokered (2)
Houston-Galveston, Texas	4	KGOL-AM	1180 kHz	Time Brokered (2)
Phoenix, Arizona	9	KLNZ-FM	103.5 MHz	La Tricolor
			106.9 MHz	
		KDVA-FM	107.1 MHz	José (1)
			710 kHz	
		KVVA-FM		José (1)
		KBMB-AM		ESPN Deportes (Spanish)
Harlingen-Weslaco-Brownsville-McAllen, Texas	10	KFRQ-FM	94.5 MHz	Classic Rock (English)
			99.5 MHz	
		KKPS-FM	101.1 MHz	Mexican Regional
			107.9 MHz	

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		KNVO-FM			José
		KVLY-FM			Adult Contemporary (English)
Sacramento-Stockton-Modesto, California	11	KRCX-FM	99.9 MHz		La Tricolor
			101.9 MHz		
		KNTY-FM	103.5 MHz		Country (English)
			104.3 MHz		
		KHHM-FM	100.9 MHz		Contemporary Hit (English)
			1570 kHz		
		KXSE-FM	97.1 MHz		José
			98.9 MHz		
		KMIX-FM			
					La Tricolor
		KCVR-AM			
					ESPN Deportes
		KTSE-FM			
					José
		KCVR-FM			
					Maria
Albuquerque-Santa Fe, New Mexico	12	KRZY-FM	105.9 MHz		José
			1450 kHz		
		KRZY-AM			ESPN Deportes
Denver-Boulder, Colorado	17	KJMN-FM	92.1 MHz		José
			96.5 MHz		
		KXPK-FM	1090 kHz		La Tricolor
			107.1 MHz		
		KMXA-AM			Maria
Aspen, Colorado		KPVW-FM			La Tricolor

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Market	Market Rank (by Hispanic Households)	Station	Frequency	Format
El Paso, Texas	18	KOFX-FM	92.3 MHz	Oldies (English)
			93.9 MHz	
		KINT-FM	94.7 MHz	José
			1650 kHz	
		KYSE-FM	1150 kHz	La Tricolor
Orlando-Daytona Beach-Melbourne, Florida	15	KSVE-AM		ESPN Deportes
		KHRO-AM		Talk (English)
		WNUE-FM	98.1 MHz	Salsa 98.1
Las Vegas, Nevada	24	KRRN-FM	92.7 MHz	El Gato
			105.1 MHz	
Monterey-Salinas-Santa Cruz, California	34	KQRT-FM		La Tricolor
		KLOK-FM	99.5 MHz	La Tricolor
			107.1 MHz	
Yuma, Arizona-El Centro, California	39	KSES-FM	700 kHz	José
		KMBX-AM		Time Brokered (2)
		KSEH-FM	94.5 MHz	José
Palm Springs, California	48		99.3 MHz	
		KMXX-FM	1430 kHz	La Tricolor
		KWST-AM		Time Brokered (2)
Lubbock, Texas	49	KLOB-FM	94.7 MHz	José
		KPST-FM	103.5 MHz	La Tricolor
Reno, Nevada	60	KAIQ-FM	95.5 MHz	La Tricolor
			1460 kHz	
		KBZO-AM		ESPN Deportes
		KRNV-FM	102.1 MHz	La Tricolor

Market rank source: Nielsen Media Research 2015 estimates.

(1) Simulcast station.

(2) Operated pursuant to a time brokerage arrangement under which we grant to third parties the right to program the station.

Other Platforms. We also offer mobile, digital and other interactive media platforms and services, including local websites and social media, that provide users with news, information and other content. Beginning in 2015, we are integrating these platforms and services into our digital media operations.

Radio Advertising

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

Local. Local advertising revenue is generated predominantly from advertising time sold to an advertiser or its agency that is placed from within a station's market or directly with a station's sales staff, and also from a third-party network inventory agreement, digital and non-traditional revenue. Local advertising sales include sales to advertisers that are local businesses or advertising agencies, and regional and national businesses or advertising agencies, which place

orders from within a station's market or directly with a station's sales staff. We employ our own local sales force that is responsible for soliciting local advertising sales directly from advertisers and their agencies. In 2014, local advertising revenue accounted for approximately 63% of our total radio revenue.

National. National advertising revenue generally represents spot and network revenue from advertising time sold to an advertiser or its agency that is placed from outside a station's market. Entravision Solutions, a division of our company, typically acts as a national sales representative to solicit national advertising sales on our Spanish-language radio stations. In 2014, national advertising revenue accounted for approximately 37% of our total radio revenue.

Radio Marketing/Audience Research

We believe that radio is an efficient means for advertisers to reach targeted demographic groups. Advertising rates charged by our radio stations are based primarily on the following factors:

- the station's ratings (people listening to its programs as a percentage of total people in the listening area);
- audience share (people listening to its programs as a percentage of people actually listening to radio at a specific time);
- the demographic qualities of a program's listeners (primarily age and gender);
- the demand for available air time;
- the time of day that the advertising runs;

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- competitive conditions in the station's market, including the availability of other advertising media; and
- general economic conditions, including advertisers' budgetary considerations.

Nielsen Audio provides advertisers with the industry-accepted measure of listening audience classified by demographic segment and time of day that the listeners spend on particular radio stations. Radio advertising rates generally are highest during the hours of 6:00 A.M. and 7:00 P.M. These hours are considered the peak times for radio audience listening.

Historically, advertising rates for Spanish-language radio stations have been lower than those for English-language stations with similar audience levels. We believe that, over time, possibilities exist to narrow the disparities that have historically existed between Spanish-language and English-language advertising rates as new and existing advertisers recognize the growing desirability of targeting the Hispanic population in the United States. We also believe that having multiple stations in a market enables us to provide listeners with alternatives, to secure a higher overall percentage of a market's available advertising dollars and to obtain greater percentages of individual customers' advertising budgets.

Each station broadcasts an optimal number of advertisements each hour, depending upon its format, in order to maximize the station's revenue without jeopardizing its audience listenership. Our non-network stations have up to 14 minutes per hour for commercial inventory and local content. Our network stations have up to one additional minute of commercial inventory per hour. The pricing is based on a rate card and negotiations subject to the supply and demand for the inventory in each particular market and the network.

Radio Competition

We face intense competition in the radio broadcasting business. The financial success of each of our radio stations and markets depends in large part on our audience ratings, our ability to increase our market share of overall radio advertising revenue and the economic health of the market. In addition, our advertising revenue depends upon the desire of advertisers to reach our audience demographic. Each of our radio stations competes for audience share and advertising revenue directly with both Spanish-language and English-language radio stations in its market, and with other media, such as newspapers, broadcast and cable television, magazines, outdoor advertising, satellite-delivered radio services, applications for mobile media devices and direct mail advertising. In addition, in certain markets we operate television stations that indirectly compete for local and national advertising revenue with our radio business. Our primary competitors in our markets in Spanish-language radio are Univision, Clear Channel Communications Inc. and Spanish Broadcasting System, Inc. These and many of the other companies with which we compete are large national or regional companies that have significantly greater resources and longer operating histories than we do.

Factors that are material to our competitive position include management experience, a station's rank in its market, signal strength and audience demographics. If a competing station within a market converts to a format similar to that of one of our stations, or if one of our competitors upgrades its stations, we could suffer a reduction in ratings and advertising revenue in that market. The audience ratings and advertising revenue of our individual stations are subject to fluctuation and any adverse change in certain of our key radio markets could have a material adverse effect on our operations.

The radio industry is subject to competition from new media technologies that are being developed or introduced, such as:

- audio programming by cable television systems, broadcast satellite-delivered audio services, cellular telephones and smart telephones, including easy-to-use mobile applications, Internet content providers and other digital audio broadcast formats and playback mechanisms;
- satellite-delivered digital audio services with CD-quality sound—with both commercial-free and lower commercial load channels—which have expanded their subscriber base and recently have introduced dedicated Spanish-language channels; and

· In-Band On-Channel™ digital radio, which could provide multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional FM radio services.

We believe that while none of these new technologies can replace local broadcast radio stations, the challenges from new technologies will continue to require attention from management. In addition, we will continue to review potential opportunities to utilize such new technologies. For example, we have converted 21 of our stations (18 FM and 3 AM) to broadcast digital radio programming as well as analog programming, which we anticipate will allow us to provide additional content to our listeners.

Digital

Overview

We provide digital advertising solutions that allow advertisers to reach online Hispanic audiences throughout the United States and Latin America. We operate a proprietary technology and data platform that delivers digital advertising in various advertising formats to allow advertisers to reach Hispanic audiences across a wide range of Internet-connected devices on our owned and operated digital media sites, the digital media sites of our publisher partners, or owners of Internet and mobile sites that contain premium digital content and digital advertising inventory who provide us with access to their digital advertising inventory, and on other digital media sites we access through third-party platforms and exchanges. We access data from these digital media sites and apply our proprietary data analytics capabilities to better target and aggregate Hispanic audience segments that will be relevant to individual advertisers, while allowing the publishers of digital media sites to better sell their digital advertising inventory.

Our Solutions and Technology Platform

Through our Pulpo advertising network, we offer advertisers the opportunity to reach and engage with their target audiences by providing access to premium digital inventory in brand safe environments at scale across a wide range of devices. Our significant audience reach, access to a large volume of digital advertising space, sophisticated targeting capabilities and broad array of advertising formats allow us to deliver marketing solutions that can help grow our clients' businesses. We also enable advertisers to gain insights into the performance of their advertising campaigns and manage those campaigns with a view toward maximizing return on their advertising investment.

We believe that key benefits of our solutions include the following:

Sophisticated targeting. Our platform and solutions specifically identify and reach online Hispanic audiences, which we refer to as "(i)Hispanics", across a wide range of Internet-connected devices.

We believe that one of the main strengths of our platform is that it accesses and analyzes large amounts of data to provide a unique, multidimensional view of individual consumer profiles of (i)Hispanics at all levels of acculturation within the United States. We refer to this analysis as our proprietary (i)Hispanic acculturation model, which analyzes data such as generational status, age of entry into the U.S., amount of time spent living in the U.S., language preference and English proficiency, demographic data, geographic information and online behavioral knowledge, to provide advertisers with valuable insights and better understanding of Hispanic audiences and consumers. This understanding allows advertisers to more effectively reach Hispanic consumers across all acculturation levels in the U.S. and engage with them more effectively.

We have also developed a number of audience categories to which advertisers can target their ads. Audience categories can be based on a variety of user attributes, including location, demographics, affluence, intent, gender and interests. We identify these attributes and audience categories based upon information we have gathered about online users' online activity on an anonymous basis, a process known as interest-based or online behavioral advertising. We analyze this data to build sophisticated user profiles and audience groups that, in combination with our proprietary (i)Hispanic acculturation model and the real-time decision-making, optimization and targeting capabilities of our platform, enables us to deliver highly targeted advertising campaigns for our advertiser clients, as well as analytics to help them better understand Hispanic audiences and consumers. As we deliver more ads, we are able to collect additional information about users, audiences and the effectiveness of particular ad campaigns, which in turn enhances our targeting capabilities and allows us to deliver better performance for advertisers and better opportunities for our publisher partners to increase their revenue streams. In addition, advertisers are willing to pay a higher rate for digital advertising when deeper consumer data can be used to help them make their decisions about purchasing advertising and to engage with the consumers whom they desire to reach.

Premium content. We provide our advertiser clients with access to premium digital content, which we consider to be content that is professionally produced and offers a quality viewing experience, through our owned and operated digital media sites and those of our publisher partners. This enables publishers to more effectively monetize their digital content, and enables advertisers to more effectively reach audiences who engage with such premium content.

Scale and reach across a range of Internet-connected devices. We enable advertisers to use our digital media advertising solutions to address their online and mobile advertising needs to reach their desired audiences at scale across a wide range of Internet-connected devices, including computers, smartphones and tablets.

Variety of advertising formats. We enable advertisers to deliver a variety of advertising formats, including video ads, display banners, rich media and native ad formats. We believe that these advertising formats provide an opportunity for advertisers to create a variety of advertising content that increases audience interaction and engagement, which in turn drives better results for advertisers.

Brand safety. Our proprietary technology contextually evaluates the content of digital media sites on which we deliver ads in order to identify content that is most appropriate or desirable for an individual advertiser, and also ensure that ads are not being delivered within content that is identified as objectionable to the advertiser, such as content that contains distasteful or obscene language, violence, gambling, sex or criminal activity. We believe that the combination of our practice of selecting publisher partners and our proprietary technology provides a high level of brand safety for our advertisers.

Technology Platform. Our proprietary technology platform, Ocean, is a comprehensive advertising technology and data platform that serves the needs of advertisers to reach online Hispanic audiences that are most desirable to them, and also the needs of the publishers of digital media sites to monetize their digital inventory. The Ocean platform consists primarily of software incorporating our proprietary technology and algorithms, database software and the data that we store.

The Ocean platform delivers digital advertising to digital media sites from advertisers who wish to reach audiences who interact and engage with premium digital content. Ocean can deliver a variety of different types of ads, including video ads, display banners, rich media and native ad formats, to virtually any Internet-connected online or mobile device across all major operating systems. The Ocean platform can also serve advertising to audiences after they have left a publisher's digital media site based upon information we have gathered about their online activity on an anonymous basis, through interest-based or online behavioral advertising.

We believe that one of the main strengths of our Ocean platform is that it accesses and analyzes large amounts of data to provide a unique, multidimensional view of individual consumer profiles of (i)Hispanics at all levels of acculturation within the United States, and our Ocean platform powers our (i)Hispanic acculturation model.

After delivering advertising to a digital media site, the Ocean platform measures audience viewership and engagement with the advertising and provides advertisers with analytics enabling them to understand audience interaction and engagement with their ads.

Digital Advertising

We provide our advertisers with opportunities to reach their target audiences through brand advertising and performance-based advertising. Brand advertising is generally intended to establish a long-term, positive consumer attitude toward an advertiser or its product or service, and brand advertisers typically measure campaign effectiveness using metrics such as reach (how many consumers within the advertiser's target audience were exposed to the advertisement) and frequency (how many times the consumer within the target audience was exposed to the advertisement). Performance-based advertising is generally intended to induce a specific action, such as clicking on an advertisement, and direct response advertisers typically measure campaign effectiveness using metrics related to consumer response to an advertisement.

We generate digital revenue by delivering digital advertisements on digital media sites across a wide range of Internet-connected online and mobile devices. Advertisers and agencies typically purchase advertising from us through campaigns that are sold and managed by our direct sales force, which we refer to as managed campaigns. Managed campaigns provide advertisers with a higher degree of “white glove” customer service, with dedicated account teams that use our proprietary Ocean platform to deliver advertising campaigns for advertisers.

We typically contract with advertisers or agencies through insertion orders, which set forth campaign parameters such as size and duration of the campaign, type of advertising format and pricing. Digital advertising customers submit ad insertion orders to us and we fulfill those orders by delivering their digital advertisements to audiences through digital media properties. We are typically paid by advertisers on the basis of the number of viewer impressions to whom an advertisement is delivered, known as a cost per thousand basis, or CPM, and we generally pay our publisher partners a negotiated percentage of this revenue. Prior to running an advertising campaign, the advertiser or agency may work with our creative team to provide the creative direction of the campaign and design in order to most effectively reach the audiences most desirable to it.

Our Digital Customers

Our digital customer base consists primarily of advertisers of all sizes and the advertising agencies that represent them. Between July 1, 2014 and December 31, 2014, we had over 400 advertising clients, including top brand advertisers from nearly all major industries, including automotive, consumer products, telecommunications, financial services, retail, government, entertainment, travel and health. Digital revenue from individual advertisers varies from period to period. We do not believe that our business is substantially dependent upon any individual advertiser, and no individual advertiser represented more than 10% of our digital revenue for the year ended December 31, 2014.

Our Digital Publisher Network

We have contractual relationships with premium publishers, or owners of sites that contain premium digital content and provide digital advertising inventory. We consider a premium publisher to be a publisher that has content that is professionally produced and

offers a quality viewing experience. These relationships provide us with digital advertising inventory, which we utilize to deliver our digital advertising solutions to our digital advertising customers. We engage our publisher partners through a variety of methods, including outreach by a dedicated business development team. We do not believe that the success of our business is dependent on our relationship with any single publisher partner.

We seek to identify owners of digital media properties featuring premium digital content that, individually or collectively, have the audience scale, composition and accessibility across Internet-connected devices to achieve the objectives of our advertisers. We review a variety of criteria to determine the quality of the advertising inventory and its appropriateness for our advertiser clients, including content, the characteristics of the publisher's viewing audience, the targeting attributes that can be obtained from the digital media property in real time and the volume of available digital content and impressions.

Digital Competition

The digital advertising market is dynamic, rapidly changing and highly competitive, influenced by trends in both the overall advertising market as well as the digital advertising market. We compete with large online digital publishers such as Hulu, LLC and YouTube, LLC, which is owned by Google, Inc., as well as other publishers who rely on their own sales organizations to attract advertisers to their digital properties. Across the digital media landscape, we compete for advertising purchases with large entities such as Google Inc., Facebook, Inc., Microsoft Corporation, AOL Inc. and Yahoo! Inc., all of whom offer digital advertising services as part of a larger solution for digital media buying, as well as other advertising technology companies and advertising networks. In the traditional media space, we also compete for advertising commitments with TV broadcasters, cable TV broadcasters, radio broadcasters, print media and other traditional publishers. Many of our competitors have significant client relationships, much larger financial resources and longer operating histories in this space than we have.

We believe that the principal competitive factors in our industry include effective audience targeting capabilities, multi-device campaign delivery capability, proven and scalable technologies, audience scale and reach, relationships with leading advertisers and their respective agencies, brand awareness and reputation, ability to gather and use data to deliver more relevant ads, ability to ensure brand safety, ability to prevent click fraud and use of analytics to effectively measure performance. We believe that we compete favorably with respect to all of these factors and that we are well-positioned to be a leading provider of digital advertising solutions to reach Hispanic audiences in the United States and Latin America.

Seasonality

Seasonal net revenue fluctuations are common in the television and radio broadcasting and digital media industries and are due primarily to fluctuations in advertising expenditures by local and national advertisers. Our first fiscal quarter generally produces the lowest net revenue for the year. In addition, advertising revenue is generally higher during presidential election years (2016, 2020, etc.) resulting from political advertising.

Intellectual Property

We believe that our ability to protect our intellectual property is an important factor in the success and continued growth of our business. We protect our intellectual property through trade secrets law, copyrights, trademarks and contracts. We have established business procedures designed to maintain the confidentiality of our proprietary information, including the use of confidentiality agreements and assignment of inventions agreements with employees, independent contractors, consultants and companies with which we conduct business.

In the course of our business, we use various trademarks, trade names and service marks, including our logos and FCC call letters, in our advertising and promotions, as well as proprietary technology platforms and other technology. Some of our technology relies upon third party licensed intellectual property. We do not hold or depend upon any material patent, government license, franchise or concession, except our broadcast licenses granted by the FCC.

In our digital media operations, we use our proprietary technology platform, Ocean, which is a comprehensive advertising technology and data platform. The Ocean platform consists primarily of software incorporating our proprietary technology and algorithms, database software and the data that we store.

Employees

As of December 31, 2014, we had approximately 1,010 full-time employees, including 640 full-time employees in television, 341 full-time employees in radio, and 29 full-time employees in digital. As of December 31, 2014, three of our full-time television employees were represented by labor unions that have entered into collective bargaining agreements with us. We believe that our relations with these unions and with our employees generally are good.

Regulation of Television and Radio Broadcasting

General. The FCC regulates television and radio broadcast stations pursuant to the Communications Act of 1934, or the Communications Act. Among other things, the FCC:

- determines the particular frequencies, locations and operating power of stations;
- issues, renews, revokes and modifies station licenses;
- regulates equipment used by stations; and
- adopts and implements regulations and policies that directly or indirectly affect the ownership, changes in ownership, control, operation and employment practices of stations.

A licensee's failure to observe the requirements of the Communications Act or FCC rules and policies may result in the imposition of various sanctions, including admonishment, fines, the grant of renewal terms of less than eight years, the grant of a license renewal with conditions or, in the case of particularly egregious violations, the denial of a license renewal application, the revocation of an FCC license or the denial of FCC consent to acquire additional broadcast properties.

Congress and the FCC have had under consideration or reconsideration, and may in the future consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of our television and radio stations, result in the loss of audience share and advertising revenue for our television and radio broadcast stations or affect our ability to acquire additional television and radio broadcast stations or finance such acquisitions. Such matters may include:

- changes to the license authorization process;
- proposals to impose spectrum use or other fees on FCC licensees;
- proposals to impose a performance tax on the music broadcast on commercial radio stations and the fees applicable to digital transmission of music on the Internet;
- proposals to change rules relating to political broadcasting including proposals to grant free airtime to candidates;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- proposals dealing with the broadcast of profane, indecent or obscene language and the consequences to a broadcaster for permitting such speech;
- technical and frequency allocation matters;
- modifications to the operating rules for digital television and radio broadcasting rules on both satellite and terrestrial bases;
- the implementation or modification of rules governing the carriage of local television signals by direct broadcast satellite, or DBS, services and cable television systems and the manner in which such parties negotiate such carriage arrangements;
- changes in local and national broadcast multiple ownership, foreign ownership, cross-ownership and ownership attribution rules;
- proposals whereby broadcasters may voluntarily participate in an auction of their over-the-air broadcast spectrum, otherwise agree to modifications in their available spectrum, with or without compensation, move from the UHF to VHF band, or become subject to restrictions on their usage of the spectrum;
- changes in the procedures whereby full-service broadcast stations are carried on multichannel video programming providers (MVPDs) (cable television and direct-broadcast satellite systems) either on a must-carry or retransmission consent basis and how compensation systems and processes involving broadcasters and MVPDs might be modified; and
- changes in the operating rules and policies for AM broadcasting; and
- proposals to alter provisions of the tax laws affecting broadcast operations and acquisitions.

We cannot predict what changes, if any, might be adopted, nor can we predict what other matters might be considered in the future, nor can we judge in advance what impact, if any, the implementation of any particular proposal or change might have on our business.

FCC Licenses. Television and radio stations operate pursuant to licenses that are granted by the FCC for a term of eight years, subject to renewal upon application to the FCC. During the periods when renewal applications are pending, petitions to deny license renewal applications may be filed by interested parties, including members of the public. The FCC may hold hearings on renewal applications if it is unable to determine that renewal of a license would serve the public interest, convenience and necessity, or if a petition to deny raises a “substantial and material question of fact” as to whether the grant of the renewal applications would be inconsistent with the public interest, convenience and necessity. However, the FCC is prohibited from considering competing applications for a renewal applicant’s frequency, and is required to grant the renewal application if it finds:

- that the station has served the public interest, convenience and necessity;
- that there have been no serious violations by the licensee of the Communications Act or the rules and regulations of the FCC; and
- that there have been no other violations by the licensee of the Communications Act or the rules and regulations of the FCC that, when taken together, would constitute a pattern of abuse.

If as a result of an evidentiary hearing the FCC determines that the licensee has failed to meet the requirements for renewal and that no mitigating factors justify the imposition of a lesser sanction, the FCC may deny a license renewal application. Historically, FCC licenses have generally been renewed. We have no reason to believe that our licenses will not be renewed in the ordinary course, although there can be no assurance to that effect. The non-renewal of one or more of our stations’ licenses could have a material adverse effect on our business.

Ownership Matters. The Communications Act requires prior consent of the FCC for the assignment of a broadcast license or the transfer of control of a corporation or other entity holding a license. In determining whether to approve an assignment of a television or radio broadcast license or a transfer of control of a broadcast licensee, the FCC considers a number of factors pertaining to the licensee including compliance with various rules limiting common ownership of media properties, the “character” of the licensee and those persons holding “attributable” interests therein, and the Communications Act’s limitations on foreign ownership and compliance with the FCC rules and regulations.

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

Under the Communications Act, a broadcast license may not, absent a public interest determination by the FCC, be granted to or held by persons who are not U.S. citizens, by any corporation that has more than 20% of its capital stock owned or voted by non-U.S. citizens or entities or their representatives, by foreign governments or their representatives or by non-U.S. corporations. Furthermore, the Communications Act provides that no FCC broadcast license may be granted to or held by any corporation directly or indirectly controlled by any other corporation of which more than 25% of its capital stock is owned of record or voted by non-U.S. citizens or entities or their representatives, or foreign governments or their representatives or by non-U.S. corporations. The FCC has issued a declaratory order that it would, upon request, consider permitting foreign ownership of broadcast stations in excess of the limits. Thus, the licenses for our stations could be revoked if our outstanding capital stock is issued to or for the benefit of non-U.S. citizens in excess of these limitations. Our restated certificate of incorporation restricts the

ownership and voting of our capital stock to comply with these requirements.

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

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

A time brokerage agreement with another television or radio station in the same market creates an attributable interest in the brokered television or radio station as well for purposes of the FCC's local television or radio station ownership rules, if the agreement affects more than 15% of the brokered television or radio station's weekly broadcast hours.

Likewise, a joint sales agreement involving radio stations creates a similar attributable interest for the broadcast station that is undertaking the sales function. The FCC has extended the joint sales agreement attribution policy to television stations, effective as of December 19, 2016. We are considering whether to seek a waiver of this policy for our stations involved in joint sales agreements or to take other actions to comply with the new rules.

Debt instruments, non-voting stock, options and warrants for voting stock that have not yet been exercised, insulated limited partnership interests where the limited partner is not "materially involved" in the media-related activities of the partnership and minority voting stock interests in corporations where there is a single holder of more than 50% of the outstanding voting stock whose vote is sufficient to affirmatively direct the affairs of the corporation generally do not subject their holders to attribution.

However, the FCC also applies a rule, known as the equity-debt-plus rule, which causes certain creditors or investors to be attributable owners of a station, regardless of whether there is a single majority stockholder or other applicable exception to the FCC's attribution rules. Under this rule, a major programming supplier (any programming supplier that provides more than 15% of the station's weekly programming hours) or a same-market media entity will be an attributable owner of a station if the supplier or same-market media entity holds debt or equity, or both, in the station that is greater than 33% of the value of the station's total debt plus equity. For purposes of the equity-debt-plus rule, equity includes all stock, whether voting or nonvoting, and equity held by insulated limited partners in limited partnerships. Debt includes all liabilities, whether long-term or short-term.

Under the ownership rules currently in place, the FCC generally permits an owner to have only one television station per market. A single owner is permitted to have two stations with overlapping signals so long as they are assigned to different markets. The FCC's rules regarding ownership permit, however, an owner to operate two television stations assigned to the same market so long as either:

- the television stations do not have overlapping broadcast signals; or
- there will remain after the transaction eight independently owned, full power noncommercial or commercial operating television stations in the market and one of the two commonly-owned stations is not ranked in the top four based upon audience share.

The FCC will consider waiving these ownership restrictions in certain cases involving failing or failed stations or stations which are not yet built.

The FCC permits a television station owner to own one radio station in the same market as its television station. In addition, a television station owner is permitted to own additional radio stations, not to exceed the local radio ownership limits for the market, as follows:

- in markets where 20 media voices will remain, a television station owner may own an additional five radio stations, or, if the owner only has one television station, an additional six radio stations; and
 - in markets where ten media voices will remain, a television station owner may own an additional three radio stations.
- A "media voice" includes each independently-owned and operated full-power television and radio station and each daily newspaper that has a circulation exceeding 5% of the households in the market, plus one voice for all cable television systems operating in the market.

The FCC rules impose a limit on the number of television stations a single individual or entity may own nationwide.

The number of radio stations an entity or individual may own in a radio market is as follows:

In a radio market with 45 or more commercial radio stations, a party may own, operate or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM).

· In a radio market with between 30 and 44 (inclusive) commercial radio stations, a party may own, operate or control up to seven commercial radio stations, not more than four of which are in the same service (AM or FM).

· In a radio market with between 15 and 29 (inclusive) commercial radio stations, a party may own, operate or control up to six commercial radio stations, not more than four of which are in the same service (AM or FM).

· In a radio market with 14 or fewer commercial radio stations, a party may own, operate or control up to five commercial radio stations, not more than three of which are in the same service (AM or FM), except that a party may not own, operate, or control more than 50% of the radio stations in such market.

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Because of these multiple and cross-ownership rules, if a stockholder, officer or director of Entravision holds a “cognizable” interest in Entravision, such stockholder, officer or director may violate the FCC’s rules if such person or entity also holds or acquires an attributable interest in other television or radio stations or daily newspapers in such markets, depending on their number and location. If an attributable stockholder, officer or director of Entravision violates any of these ownership rules, we may be unable to obtain from the FCC one or more authorizations needed to conduct our broadcast business and may be unable to obtain FCC consents for certain future acquisitions.

Pursuant to the Communications Act, the FCC is required, on a quadrennial basis, to review its media ownership rules. The FCC began the most recent such review in 2010. In 2014, the FCC initiated a new Quadrennial Review and incorporated the existing 2010 record into that proceeding.

The rule changes that have previously gone into effect amend the FCC’s methodology for defining a radio market for the purpose of ownership caps. The FCC replaced its signal contour method of defining local radio markets in favor of a geographic market assigned by Nielsen Audio, the private audience measurement service for radio broadcasters. For non- Nielsen Audio markets, the FCC is conducting a rulemaking in order to define markets in a manner comparable to Nielsen Audio’s method. In the interim, the FCC will apply a “modified contour approach,” to non- Nielsen Audio markets. This modified approach will exclude any radio station whose transmitter site is more than 58 miles from the perimeter of the mutual overlap area. As for newspaper-broadcast cross-ownership, the FCC adopted a presumption that newspaper-broadcast ownership is consistent with the public interest in the top 20 television markets, while the presumption, in smaller markets, is that such cross-ownership is not consistent with the public interest, subject to certain exceptions.

With regard to the national television ownership limit, the FCC increased the national television ownership limit to 45% from 35%. Congress subsequently enacted legislation that reduced the nationwide cap to 39%. Accordingly, a company can now own television stations collectively reaching up to a 39% share of U.S. television households. Limits on ownership of multiple local television stations still apply, even if the 39% limit is not reached on a national level.

In establishing a national cap by statute, Congress did not make mention of the FCC’s UHF discount policy, whereby UHF stations are deemed to serve only one-half of the population in their television markets. The FCC has commenced a rulemaking proceeding to consider whether it should retain the UHF discount policy. In doing so, the FCC has stated that it will grandfather ownership interests in place as of the commencement of the proceeding.

As discussed above, Congress has already modified the nationwide television ownership cap and has considered legislation that would roll back the FCC’s proposed changes. The FCC in 2010 commenced its latest review of its ownership rules that was recently incorporated into a 2014 review proceeding. Any actions by the FCC in the future regarding radio and/or television ownership may elicit further Congressional response.

The Communications Act requires broadcasters to serve the “public interest.” The FCC has relaxed or eliminated many of the more formalized procedures it developed to promote the broadcast of certain types of programming responsive to the needs of a broadcast station’s community of license. Nevertheless, a broadcast licensee continues to be required to present programming in response to community problems, needs and interests and to maintain certain records demonstrating its responsiveness. The FCC considers complaints from the public about a broadcast station’s programming when it evaluates the licensee’s renewal application, but complaints also may be filed and considered at any time. Stations also must follow various FCC rules that regulate, among other things, political broadcasting, the broadcast of profane, obscene or indecent programming, sponsorship identification, the broadcast of contests and lotteries and technical operations.

The FCC requires that licensees must not discriminate in hiring practices. It has recently released new rules that will require us to adhere to certain outreach practices when hiring personnel for our stations and to keep records of our compliance with these requirements. On March 10, 2003, the FCC’s current Equal Employment Opportunity, or EEO,

rules went into effect. The rules set forth a three-pronged recruitment and outreach program for companies with five or more full-time employees that requires the wide dissemination of information regarding full-time vacancies, notification to requesting recruitment organizations of such vacancies, and a number of non-vacancy related outreach efforts such as job fairs and internships. Stations are required to collect various information concerning vacancies, such as the number filled, recruitment sources used to fill each vacancy, and the number of persons interviewed for each vacancy. While stations are not required to routinely submit information to the FCC, stations must place an EEO report containing vacancy-related information and a description of outreach efforts in their public file annually. Stations must submit the annual EEO public file report as part of their renewal applications, and television stations with five or more full-time employees and radio stations with more than ten employees also must submit the report midway through their license term for FCC review. Stations also must place their EEO public file report on their Internet websites, if they have one. The EEO rules do not materially affect our operations. Failure to comply with the FCC's EEO rules could result in sanctions or the revocation of station licenses.

The FCC rules also prohibit a broadcast licensee from simulcasting more than 25% of its programming on another radio station in the same broadcast service (that is, AM/AM or FM/FM). The simulcasting restriction applies if the licensee owns both radio broadcast stations or owns one and programs the other through a local marketing agreement, provided that the contours of the radio stations overlap in a certain manner.

“Must Carry” Rules. FCC regulations implementing the Cable Television Consumer Protection and Competition Act of 1992, or the Cable Act, require each full-power television broadcaster to elect, at three-year intervals beginning October 1, 1993, to either:

- require carriage of its signal by cable systems in the station’s market, which is referred to as “must carry” rules; or
- negotiate the terms on which such broadcast station would permit transmission of its signal by the cable systems within its market which is referred to as “retransmission consent.”

For the three-year period commencing on January 1, 2015, we generally elected “retransmission consent” in notifying the MVPDs that carry our television programming in our television markets. We have arrangements or have entered into agreements with nearly all of our MVPDs as to the terms of the carriage of our television stations and the compensation we will receive for granting such carriage rights, including through our national program supplier for Spanish-language programming, Univision, for our Univision- and UniMás-affiliated television stations, for the three-year period.

There are proceedings pending at the FCC that could modify the retransmission consent process. We cannot say at this time how any such changes may impact the way broadcasters and MVPDs may negotiate for the carriage of programming.

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

The adoption of digital television service allows us to multicast our programs.

We continue to explore, subject to our legal rights to do so, and the economic opportunities available to us, the distribution of our programming in alternative modes, such as by delivery on the Internet, by multicast delivery services, and to individuals possessing wireless mobile reception devices.

Time Brokerage, Joint Sales Agreements and Shared Services Agreements. We have, from time to time, entered into time brokerage, joint sales and shared services agreements, generally in connection with pending station acquisitions, under which we are given the right to broker time on stations owned by third parties, agree that other parties may broker time on our stations, we or other parties sell broadcast time on a station, or share operating services with another broadcast station in the same market, as the case may be. By using these agreements, we can provide programming and other services to a station proposed to be acquired before we receive all applicable FCC and other governmental approvals, or receive such programming and other services where a third party is better able to undertake programming and/or sales efforts for us.

FCC rules and policies generally permit time brokerage agreements if the station licensee retains ultimate responsibility for and control of the applicable station. We cannot be sure that we will be able to air all of our scheduled programming on a station with which we have time brokerage agreements or that we will receive the anticipated revenue from the sale of advertising for such programming.

Under a typical joint sales agreement, a station licensee obtains, for a fee, the right to sell substantially all of the commercial advertising on a separately owned and licensed station in the same market. It also involves the provision by the selling party of certain sales, accounting and services to the station whose advertising is being sold. Unlike a

time brokerage agreement, the typical joint sales agreement does not involve operating the station's program format.

In a shared services agreement, one station provides services, generally of a non-programming nature, to another station in the same market. This enables the recipient of the services to save on overhead costs.

As part of its increased scrutiny of television and radio station acquisitions, the DOJ has stated publicly that it believes that time brokerage agreements and joint sales agreements could violate the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSRA, if such agreements take effect prior to the expiration of the waiting period under the HSRA. Furthermore, the DOJ has noted that joint sales agreements may raise antitrust concerns under Section 1 of the Sherman Antitrust Act and has challenged them in certain locations. The DOJ also has stated publicly that it has established certain revenue and audience share concentration benchmarks with respect to television and radio station acquisitions, above which a transaction may receive additional antitrust scrutiny. See "Risk Factors" below.

Digital Television Services. The FCC has adopted rules for implementing digital television service in the United States. Implementation of digital television has improved the technical quality of television signals and provides broadcasters the flexibility to offer new services, including high-definition television and broadband data transmission. The digital transition for full-power television stations was completed on June 12, 2009.

The FCC has required full-power television stations in the United States to operate in digital television. The FCC has set September 1, 2015 as the date for Class A television stations to transition to digital. The transition date for low-power television stations has been postponed until after the completion of the incentive auction process. We are in the process of transitioning certain of our Class A and low-power stations to digital where we believe is in our best interest to do so.

The FCC has adopted rules to permit low-power stations to operate on a paired or stand-alone basis in digital service. We have secured authority for certain of our low-power stations to have paired operations or operate in digital. In certain cases, we have requested authority to “flash cut” certain of our low-power stations to digital service. In those markets where no spectrum was available for paired operations, we will make a decision to switch individual stations from analog to digital service based on the viewing patterns of our viewers.

Equipment and other costs associated with the transition to digital television, including the necessity of temporary dual-mode operations and the relocation of stations from one channel to another, have imposed some near-term financial costs on our television stations providing the services. The potential also exists for new sources of revenue to be derived from use of the digital spectrum, which we have begun to explore in certain of our markets.

Digital Radio Services. The FCC has adopted standards for authorizing and implementing terrestrial digital audio broadcasting technology, known as “In-Band On-Channel™” or HD Radio, for radio stations. Digital audio broadcasting’s advantages over traditional analog broadcasting technology include improved sound quality and the ability to offer a greater variety of auxiliary services. This technology permits FM and AM stations to transmit radio programming in both analog and digital formats, or in digital only formats, using the bandwidth that the radio station is currently licensed to use. We have elected and commenced the process of rolling out this technology on a gradual basis owing to the absence of receivers equipped to receive such signals and are considering its merits as well as its costs. It is unclear what effect such technology will have on our business or the operations of our radio stations.

Radio Frequency Radiation. The FCC has adopted rules limiting human exposure to levels of radio frequency radiation. These rules require applicants for renewal of broadcast licenses or modification of existing licenses to inform the FCC whether an applicant’s broadcast facility would expose people to excessive radio frequency radiation. We currently believe that