

COUNSEL IS DIRECTED TO IMMEDIATELY NOTIFY
ALL PARTIES OF THIS ORDER

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,)
)
Plaintiff,) Hon. Joanna Seybert
) Hon. Michael L. Orenstein (MO)
v.) Civil Action No. CV97-6497 (JS)
)
)
CHANCELLOR MEDIA COMPANY, INC.,) <u>FINAL JUDGMENT</u>
and)
SFX BROADCASTING, INC.,) Entered: June 15, 1998
)
Defendants.)

WHEREAS, plaintiff, the United States of America, filed its Complaint in this action on November 6, 1997, and plaintiff and defendants, Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.) ("Chancellor") and SFX Broadcasting, Inc. ("SFX") by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, and without this Final Judgment constituting any evidence against or an admission by any party with respect to any issue of law or fact herein;

AND WHEREAS, defendants have agreed to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, defendants have represented that the obligations ordered in this Final Judgment can and will be fulfilled, and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the obligations contained herein;

NOW, THEREFORE, before the taking of any testimony, and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby

ORDERED, ADJUDGED, AND DECREED as follows:

I. JURISDICTION

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim upon which relief may be granted against defendants, as hereinafter defined, under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18) and Section 1 of the Sherman Act, 15 U.S.C. § 1.

II. DEFINITIONS

As used in this Final Judgment:

A. "Chancellor" means defendant Chancellor Media Corporation (successor in interest to Chancellor Media Company, Inc.), a Delaware corporation with its headquarters in Irving, Texas, and includes its predecessors, successors and assigns, divisions, subsidiaries, companies, groups, partnerships and joint ventures that Chancellor controls, directly or indirectly, and their directors, officers, managers, agents and representatives, and their respective successors and assigns.

B. "SFX" means defendant SFX Broadcasting, Inc., a Delaware corporation with its headquarters in New York, New York, and includes its predecessors, successors and assigns, divisions, subsidiaries, companies, groups, partnerships and joint ventures that SFX controls, directly or indirectly, and their directors, officers, managers, agents and representatives, and their respective successors and assigns.

C. "SFX Long Island Assets" means all of the assets, tangible or intangible, used in the operations of the WBLI 106.1 FM radio station in Patchogue, Long Island, New York, the WBAB 102.3 FM radio station in Babylon, Long Island, New York, the WHFM 95.3 FM radio

station in Southampton, New York, and the WGBB 1240 AM radio station in Freeport, New York, including but not limited to: all real property (owned or leased) used in the operation of these stations; all broadcast equipment, personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies and other tangible property used in the operations of these stations; all licenses, permits, authorizations, and applications therefor issued by the Federal Communications Commission ("FCC") and other governmental agencies related to these stations; all contracts, agreements, leases and commitments of defendants pertaining to these stations and their operation; all trademarks, service marks, trade names, copyrights, patents, slogans, programming materials and promotional materials relating to these stations; and all logs and other records maintained by defendants or these stations in connection with their business.

D. "WALK Assets" means all of the assets, tangible or intangible, used in the operation of the WALK 97.5 FM and WALK 1370 AM radio stations in Patchogue, New York, including but not limited to: all real property (owned or leased) used in the operation of these stations; all broadcast equipment, personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies and other tangible property used in the operation of these stations; all licenses, permits, authorizations, and applications therefor issued by the FCC and other governmental agencies related to these stations; all contracts, agreements, leases and commitments of defendant pertaining to these station and their operation; all trademarks, service marks, trade names, copyrights, patents, slogans, programming materials and promotional materials relating to these stations; and all logs and other records maintained by defendant Chancellor or these stations in connection with their business.

E. "Nassau-Suffolk Area" means Nassau and Suffolk Counties, New York.

F. "Chancellor Radio Station" means any radio station owned, operated, or controlled by Chancellor and broadcasting from a transmitter site located in the Nassau-Suffolk Area.

G. "SFX Radio Station" means any radio station owned, operated, or controlled by SFX and broadcasting from a transmitter site located in the Nassau-Suffolk Area.

H. "Non-Chancellor Radio Station" means any radio station broadcasting from a transmitter site located in the Nassau-Suffolk Area that is not a Chancellor Radio Station.

I. "Non-SFX Radio Station" means any radio station broadcasting from a transmitter site located in the Nassau-Suffolk Area that is not an SFX Radio Station.

J. "LMA" means the Local Marketing Agreement that Chancellor and SFX entered into on or about July 1, 1996, as part of their July 1, 1996, asset exchange agreement whereby SFX agreed to exchange its four Long Island-based radio stations for Chancellor's two Jacksonville, Florida radio stations and an additional \$11 million.

III. APPLICABILITY

A. The provisions of this Final Judgment apply to each of the defendants, their successors and assigns, subsidiaries, affiliates, companies, groups, partnerships, and joint venturers, their directors, officers, managers, agents and employees, and all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

B. Each defendant shall require, as a condition of the sale or other disposition of all or substantially all of the assets used in its businesses of owning and operating the WALK Assets (in

the case of Chancellor) or the SFX Long Island Assets (in the case of SFX), that the acquiring party agrees to be bound, as a successor or assign, by the provisions of this Final Judgment.

IV. PROHIBITION OF ACQUISITION

Defendants shall not directly or indirectly consummate the acquisition contract that is a subject of the complaint in this action. Defendant Chancellor shall not acquire, directly or indirectly, the SFX Long Island Assets that encompasses WBLI-FM and WBAB-FM (hereinafter the "SFX Long Island WBAB/WBLI Assets") or any interest in the SFX Long Island WBAB/WBLI Assets. Defendant Chancellor shall not sell or otherwise convey, directly or indirectly, the WALK Assets or any interest in the WALK Assets to SFX or to any future owner or operator of the SFX WBAB/WBLI Long Island Assets. Defendant SFX shall not acquire, directly or indirectly, the WALK Assets or any interest in the WALK Assets. Defendant SFX shall not sell or otherwise convey, directly or indirectly, the SFX Long Island WBAB/WBLI Assets or any interest in the SFX Long Island WBAB/WBLI Assets to Chancellor or to any future owner or operator of the WALK Assets.

V. TERMINATION OF LMA

Defendants shall terminate the LMA as soon as possible, but no later than August 1, 1998. Defendants shall not enter into any agreement or understanding (including a Local Marketing Agreement or similar agreement (such as a joint sales agreement (JSA))) that would allow joint marketing or sale of advertising time or joint establishment of advertising prices, with respect to the WALK Assets and the SFX Long Island Assets.

VI. PRESERVATION OF ASSETS

Until the termination of the LMA, as required by Section V of this Final Judgment, has been accomplished:

A. Defendant Chancellor shall take all steps necessary to operate the SFX Long Island Assets as ongoing, economically viable radio stations.

B. Defendant Chancellor shall use all reasonable efforts to maintain and increase sales of advertising time by the SFX Long Island Assets and shall maintain at 1997 or previously approved levels for 1998, whichever are higher, promotional advertising, sales, marketing and merchandising support for the SFX Long Island Assets.

C. Defendant Chancellor shall take all steps necessary to ensure that the assets used in the operation of the SFX Long Island Assets are fully maintained. WBLI-FM, WBAB-FM, WHFM-FM, and WGBB-AM sales and marketing employees shall not be transferred or reassigned to any other station, except for transfer bids initiated by employees pursuant to defendant's regular, established job posting policies, provided that defendant Chancellor gives plaintiff ten (10) days' notice of any such transfer.

D. Defendant Chancellor shall appoint a person or persons to be responsible for defendant Chancellor's compliance with this Section VI.

VII. AFFIDAVITS

A. Within twenty (20) calendar days of the filing of this Final Judgment, defendant Chancellor shall deliver to plaintiff an affidavit which describes in reasonable detail all actions defendant Chancellor has taken and all steps defendant Chancellor has implemented on an on-going basis to preserve the SFX Long Island Assets, pursuant to Section VI of this Final

Judgment. Defendant Chancellor shall deliver to plaintiff an affidavit describing any changes to the efforts and actions outlined in its earlier affidavit(s) filed pursuant to this Section VII within fifteen (15) calendar days after such change is implemented.

B. Defendant Chancellor shall preserve all records of efforts made to maintain or preserve the SFX Long Island Assets.

VIII. NOTICE

A. Unless such transaction is otherwise subject to the reporting and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a (the "HSR Act"), defendants, without providing advance notification to the plaintiff, shall not directly or indirectly acquire any assets of or any interest, including any financial, security, loan, equity or management interest, in any Non-Chancellor Radio Station (in the case of an acquisition by Chancellor) or in any Non-SFX Radio Station (in the case of an acquisition by SFX).

B. Defendants, without providing advance notification to the plaintiff, shall not directly or indirectly enter into any agreement or understanding (including a Local Marketing Agreement or similar agreement (such as a joint sales agreement (JSA))) that would allow either defendant to market or sell advertising time or to establish advertising prices for any Non-Chancellor Radio Station (in the case of Chancellor) or any Non-SFX Radio Station (in the case of SFX).

C. The notification obligations required by paragraphs (A) or (B) of this Section VIII shall not apply to defendant Chancellor following its sale of all of the WALK Assets to a third party that is in no way affiliated with defendant Chancellor, provided that the provisions of

Section III have been complied with. The notification obligations required by paragraphs (A) or (B) of this Section VIII shall not apply to defendant SFX following its sale of the all the SFX Long Island Assets to a third party that is in no way affiliated with SFX, provided that the provisions of Section III have been complied with.

D. Notification described in (A) and (B) of this Section VIII shall be provided to the United States Department of Justice ("the Department") in the same format as, and per the instructions relating to the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended, except that the information requested in Items 5-9 of the instructions must be provided, in the case of Chancellor, only with respect to any Chancellor Radio Station, and in the case of SFX, only with respect to any SFX Radio Station. Notification shall be provided at least thirty (30) days prior to acquiring any such interest covered in (A) or (B) above, and shall include, beyond what may be required by the applicable instructions, the names of the principal representatives of the parties to the agreement who negotiated the agreement, and any management or strategic plans discussing the proposed transaction. If within the 30-day period after notification, representatives of the Department make a written request for additional information, defendants shall not consummate the proposed transaction or agreement until twenty (20) days after submitting all such additional information. Early termination of the waiting periods in this paragraph (C) may be requested and, where appropriate, granted in the same manner as is applicable under the requirements and provisions of the HSR Act and rules promulgated thereunder.

E. This Section shall be broadly construed and any ambiguity or uncertainty regarding the filing of notice under this Section shall be resolved in favor of filing notice.

IX. COMPLIANCE INSPECTION

For the purpose of determining or securing compliance with this Final Judgment and subject to any legally recognized privilege, from time to time:

A. Duly authorized representatives of the United States Department of Justice, including consultants and other persons retained by the plaintiff, upon written request of the Attorney General, or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to each defendant made to their principal offices, shall be permitted:

(1) Access during office hours of each defendant to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of each defendant, who may have counsel present, relating to the matters contained in this Final Judgment; and

(2) Subject to the reasonable convenience of each defendant and without restraint or interference from it, to interview, either informally or on the record, directors, officers, employees and agents of each defendant, who may have counsel present, regarding any such matters.

B. Upon the written request of the Attorney General, or of the Assistant Attorney General in charge of the Antitrust Division, made to defendants' principal offices, each defendant shall submit such written reports, under oath if requested, with respect to any of the matters contained in this Final Judgment as may be requested.

C. No information or documents obtained by the means provided in Section VII or this Section IX shall be divulged by any representative of plaintiff to any person other than a duly authorized representative of the Executive Branch of the United States, except in the course of

legal proceedings to which plaintiff is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by defendants to plaintiff, and defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendants marks each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then ten (10) calendar days notice shall be given by plaintiff to defendants prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which defendants are not a party.

X. RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violations hereof.

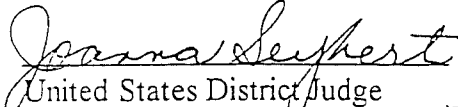
XI. TERMINATION

Unless this Court grants an extension, this Final Judgment will expire upon the tenth anniversary of the date of its entry.

XII. PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.
The Clerk of the Court is directed to mark this case as closed.

Dated: June 15, 1998
Uniondale, New York


United States District Judge
Joanna Seybert, U.S. D.J.