



Department of Justice

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JUSTICE DEPARTMENT REQUIRES UNIVISION TO MAKE DIVESTITURES TO COMPLETE ACQUISITION OF HISPANIC BROADCASTING CORPORATION

Department Preserves Competition in Spanish-Language Radio Market

WASHINGTON, D.C. -- The Department of Justice today announced that it will require Univision Communications Incorporated to sell a significant portion of its partial ownership interest in Entravision Communications Corporation and agree to other restrictions in order to proceed with its \$3 billion acquisition of Hispanic Broadcasting Corporation. The Department said that, without these conditions, Univision's acquisition of HBC would lessen competition in the sale of advertising time on many Spanish-language radio stations because HBC is Entravision's principal competitor in Spanish-language radio in many geographic areas.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C., to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns. Among other conditions, the decree requires Univision to divest a significant portion of its equity stake in Entravision, to relinquish its right to two seats on Entravision's Board of Directors, and to give up the right to vote its shares or veto certain Entravision business decisions.

"The changes required by the consent decree will enable advertisers that rely on Spanish-language radio to reach their targeted audience and to continue to benefit from competitive prices,"

said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

Univision now owns approximately 30 percent of Entravision's stock and has significant governance rights, including the right to place two members on Entravision's board and the right to veto certain Entravision business decisions. The decree requires Univision to divest its Entravision equity so that it holds no more than 15 percent of Entravision shares within three years and no more than 10 percent within six years. Univision must also exchange its Entravision stock for a nonvoting equity interest with limited rights. The decree also prevents Univision from participating in Entravision governance, or trying to improperly influence the conduct of Entravision's radio business.

According to the complaint, HBC and Entravision are each other's closest competitor in many geographic areas where there are only a few Spanish-language radio broadcasters. If the combined company were to retain a large equity stake and governance rights in Entravision, Univision's acquisition of HBC would substantially reduce competition between Univision/HBC and Entravision and result in increased prices and reduced levels of service in the sale of advertising time on Spanish-language radio.

Univision, headquartered in Los Angeles and incorporated in Delaware, is the largest broadcaster of Spanish-language television programming in the United States. It consists of two broadcast networks, Univision and Telefutura, and one cable channel, Galavision. It also has several other Spanish-language media operations, including Internet sites and services, music recording, distribution, and publishing.

HBC, headquartered in Dallas and incorporated in Delaware, owns and operates more than 60 radio stations throughout the United States. In 2001, the company reported radio net revenues of approximately \$240 million.

Entravision, headquartered in Santa Monica, California, and incorporated in Delaware, owns and operates approximately 55 radio stations throughout the United States. Entravision also owns or operates 49 television stations as a major affiliate for Univision's two broadcast networks. In 2001, Entravision's radio revenues were over \$65 million and total revenues were about \$209 million. Entravision is not a party to the Univision/HBC transaction and is not a party to the Department's lawsuit.

As required by the Tunney Act, the proposed consent decree, along with the Department's Competitive Impact Statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed decree during a 60-day comment period to: James R. Wade, Chief, Litigation III Section, Antitrust Division, U.S. Department of Justice, 325 7th Street, N.W., Suite 300, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgment upon a finding that it serves the public interest.

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