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December 16, 2002

Ms. Barbara A. Kreisman  
Chief, Video Division  
Media Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Room 2-A666  
Washington, D.C. 20554

Re: Applications for Transfer of Control of Hispanic Broadcasting Corp., and  
Certain Subsidiaries, Licensees of KGBT(AM), Harlingen, Texas *et al.* (Docket  
No. MB 02-235, FCC File Nos. BTC-20020723ABL *et al.*)

Dear Ms. Kreisman:

On behalf of the National Hispanic Policy Institute, Inc. ("NHPI"), this letter responds to the letter sent to you by counsel for Univision Communications, Inc. ("Univision") dated December 9, 2002. Univision was responding to your letter of November 29, 2002 requesting supplemental information concerning the specific nature of the ownership interest Univision will hold in Entravision Communications Corporation ("Entravision") should the FCC approve Univision's proposed merger with Hispanic Broadcasting Corporation ("HBC"). The Chief, Video Division's letter addresses issues first raised in NHPI's Petition to Deny.

In your letter you ask Univision to: (1) Identify the class or classes of Entravision shares Univision will hold after Consummation and specify the rights these shares will carry with respect to the operation and management of Entravision; and (2) Supply a detailed showing demonstrating that Univision is in compliance with the Commission's Equity/Debt Plus Rule ("EDP").<sup>1</sup>

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<sup>1</sup> 47 C.F.R. §73.3555, Note 2(i).

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Both of these questions are structured to elicit information which will assist the FCC in determining whether Univision's proposed future interest in Entravision will be attributable within the meaning of the Commission's rules and policies.

In determining whether an interest is attributable, the Commission seeks to determine whether the rights or relationships it confers will allow the holder to influence the core operations of the licensee such that it should be subject to the multiple ownership rules.<sup>2</sup> "A finding necessary for attribution relates to the finding of control or influence over the core operations of the licensee." While in furtherance of its objectives the Commission has set bright-line tests,<sup>4</sup> it also has articulated the need to assess the cumulative effect of all relevant factors so as to determine whether an investor holds an attributable interest. *Srr e.g., BCC License Subsidiary L.P.*, 10FCC Rcd 7926, 7933 (1995); *Univision Holdings, Inc.*, 7 FCC Rcd 6672, 6677-78 (1992).

In addition to the ability to influence a licensee, the Commission also examines the extent to which an investor can control a licensee. While there is no formula for evaluating whether a party is in *de facto*, or actual control,<sup>5</sup> the Commission looks to whether a party has obtained the right to determine the basic operating policies of the station, that is, to effect decisions concerning the personnel, programming or finances of the station.<sup>6</sup>

As presently constituted, Univision's Class A and Class C stock interests are attributable and give it significant rights to influence Entravision's corporate affairs. Chief among these rights is Univision's right to elect two directors to Entravision's board of directors. As part of its proposed merger with HBC, Univision is proposing to exchange its Class A voting shares for non-voting shares and to surrender its right to elect two members to Entravision's board of directors. In exchange for surrendering these rights, Univision proposes to acquire other significant shareholder rights. If the merger is approved Univision proposes to acquire a new class of stock, which will require Entravision to obtain Univision's prior consent:

- To buy or sell assets at a price in excess of \$25 million
- To incur debts in excess of five times Entravision's Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA")
- To issue shares

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<sup>2</sup> *Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests*. 14 FCC Rcd 12559, 12581 (1999).

<sup>3</sup> *Id.* at 12580.

<sup>4</sup> *See*, 47 C.F.R. §73.3555, Note 2(i).

<sup>5</sup> *See, e.g., Stereo Broadcasting, Inc.* 55 PCC 2d 819, 821 (1975).

<sup>6</sup> *See, WHDH, Inc.*, 17 FCC2d 856 (1969). *aff'd sub nom. Greater Boston Television Corp. v. FCC*, 444 F. 2d 841 (D.C. Cir. 1970). *Accord, Space Station System Licensee, Inc.* 17FCC Rcd 2271, 2283 (2002) (The analysis of whether an investment protection provision grants the minority owner the power to control is a fact-based inquiry with no precise formula for evaluating all factors.)

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- To merge Entravision with another entity
- For any business consolidation, business combination, dissolution, liquidation or termination of corporation
- For the sale of television stations that are Univision affiliates

The actual language of the shareholder rights provisions has not been provided to the Commission. The **exact** wording of these provisions should be provided. Nor is the above list the full set of rights Univision proposes to acquire. In its letter of December 9, 2002, Univision reserved the right to "modify" its shareholder rights. Nonetheless, working with the information available it is obvious that Univision's shareholder rights far exceed the level of influence required for the Commission to find that Univision's interest in Entravision is **attributable**.<sup>7</sup> In fact, the Commission could find that Univision's proposed rights will give it *de facto* control over Entravision's operating policies.<sup>8</sup>

Univision will have the right to control every aspect of Entravision's finances. Entravision will have to obtain Univision's consent before it can incur any debt in excess of five times EBITDA. Entravision's Security and Exchange Commission Form 10-K for the year **ended** December 31, 2001 shows that Entravision's EBITDA is \$50,440,000.<sup>9</sup> Entravision's **Consolidated Balance** Sheets show that Entravision has liabilities of \$457,402,000.<sup>10</sup> This places Entravision's EBITDA at over 9 times its current liabilities. Should Entravision wish to borrow even so **much** as a dollar it will need to obtain Univision's prior consent. Any debts incurred, even in the ordinary course of business, must be approved by Univision. If for example, Entravision wishes to replace a worn-out or damaged antenna at one of its television stations, by financing the purchase with an equipment supplier, it must first **obtain** Univision's consent. Should Entravision decide to purchase programming, utilizing a contract that requires payments over a period of years, it must first obtain Univision's consent. Should Entravision wish to enter into a **long-term** studio lease, it must first obtain Univision's consent. Programming agreements and leases obligate a company to make future payments and as such are considered debt obligations. Through its control of Entravision's **ability** to borrow, Univision undoubtedly will have the right to control the policymaking activities and day-to-day operations of Entravision.

Entravision will have to obtain Univision's prior consent before it can buy or sell assets in excess of \$25 million. Entravision is primarily in the business of owning television stations and operating those stations as Univision affiliates. Entravision owns television **stations** in 21 of *the* top 50 Hispanic markets in the U.S.<sup>11</sup> The Commission can take **official** notice that there are few television properties available in *the* top 50 Hispanic Markets that would sell **below** \$25 million. Entravision's 10-K lists **resent** significant

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<sup>7</sup> See, Roy M. Speer, 11 FCC Rcd 18393 (1996).

<sup>8</sup> *Id.*

<sup>9</sup> Perennial portions of Entravision's 10-K are attached as Exhibit I hereto. See p. 44 of 104

<sup>10</sup> Entravision, 10-K p. 67 of 104.

<sup>11</sup> Entravision, 10-K p. 7 of 104.

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purchases, which included the purchase of Latin Communications Group, Inc. for \$256 million and Z-Spanish Media for \$462 million.<sup>12</sup> Entravision's IO-K list two other group purchases for \$85 million and \$55 million each." Univision's proposed non-voting shareholder rights will give it the right to approve or reject any such future acquisitions.

There is very little Entravision will be able to do to raise capital without Univision's permission. It is barred from issuing additional shares. Nor can it merge with another, financially stable, entity. Nor will it be able to sell its television stations. The proposed shareholder's rights provisions require Univision's prior consent before Entravision can sell a Univision affiliated television station.<sup>14</sup> Entravision owns or operates 53 television stations, 50 of these stations are Univision affiliates.<sup>15</sup>

Entravision is like a man with both hands tied behind his back and a noose around his neck. The man is free to move around, but he can only go so far before the noose chokes off his air supply. Should he displease the person holding the noose, it can always be tightened and his air supply cut-off. Univision is proposing to tie a noose around Entravision's corporate windpipe. Univision will have absolute control over the flow of capital into Entravision, a financially struggling corporation. By cutting off Entravision's access to capital Univision can effectively control the management and operations of Entravision's radio and television stations.

Up until now Univision and Entravision have not competed. Entravision is primarily in the business of being a Univision affiliate and considers Univision to be a "valuable strategic partner." Entravision owns radio stations, but Univision does not. If the merger between Univision and HBC is approved, for the first time Univision and Entravision will be competitors. Entravision's radio stations will compete, in theory, with HBC's radio stations for a share of the Hispanic radio market. Yet, in reality, how can Entravision be expected to compete with Univision? If for example, in competing with an HBC radio cluster in a particular market, Entravision decides that it needs to borrow money to either purchase an additional station or upgrade its facilities can Univision reasonably be expected to approve such a loan? Nor can Entravision be expected to set advertising rates below those of HBC. In setting advertising rates HBC and Entravision can be expected to cooperate rather than compete.

Univision claims that the Commission has repeatedly held that such shareholder rights are permissible. Univision fails to cite any cases in support of its contention. To the contrary, the Commission has held that, in the aggregate, the right to control or influence

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<sup>12</sup> Entravision, IO-K p. 16 of 104.

<sup>13</sup> *Id.*

<sup>14</sup> Entravision, IO-K pp. 9-10 of 104.

<sup>15</sup> *Id.*

<sup>16</sup> Entravision, IO-K p. 4 of 104.

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the core operations of a licensee makes the interest attributable.<sup>17</sup> Through its control of Entravision's finances, Univision will have the power to control every aspect of its **operation**. Further, Entravision as Univision's partner will have no desire to jeopardize that relationship by actively competing against Univision. Nor would it be in Entravision's **best** interest to compete with Univision's proposed new shareholder, Clear Channel Communications, Inc. Thus the **proposed** merger will combine, for all practical purposes, **the** radio station holdings of Entravision, HBC and Clear Channel. Such a combination would violate the Commission's multiple ownership rules.

In response to the second question posed by the Chief, Video Division, Univision argues that its ownership interest in **Entravision** is non-attributable because it complies with the Commission's EDP rule. The attachments to Univision's letter of December 9, 2002 shows that Univision owns approximately 32% of the issued and outstanding shares of Entravision. In its Opposition to NHPI's Petition to Deny, Univision stated unequivocally "Univision has no debt interest in **Entravision**."<sup>18</sup> In response, NHPI submitted documents publicly filed with the Securities and Exchange Commission that demonstrated that this was not a true statement.

The Chief Video Division's letter of December 9, 2002 requested an audited financial statement and a detailed showing demonstrating compliance with the EDP rule. While Univision did submit documents that purport to show its compliance with the Commission's EDP rule, these documents were not audited. Univision has again misled the Commission and has failed to be forthcoming and candid in its representations to the Commission. Attached hereto as Exhibit 2 are the pertinent portions of Entravision's DEF 14A, date April 16, 2002. Entravision's DEF 14A shows that Andrew Hobson, Executive Vice President of Univision, holds 211,136 Class A shares of Entravision. The DEF 14A also shows that Michael D. Wortsman, Co-President of Univision Television Group, Inc., holds 56,136 Class A shares of Entravision.

Entravision's DEF 14A reports stock ownership of (1) persons or entities known to be the beneficial owners of more than 5% of the outstanding shares of stock, (2) each of its directors, and (3) certain key executives of the company. Mr. Hobson and Mr. Wortsman's share holdings were reported because, at the time, they were members of Entravision's board of directors. Entravision's DEF 14A does not require it to report **shares** held by Univision insiders unless their individual holdings exceed 5% of the **outstanding** shares. Thus, in addition to Mr. Hobson and Mr. Wortsman, it is quite possible that other Univision officers and directors hold Entravision shares. There may also be other Entravision debts owed to Univision that are not reported in SEC filings.

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<sup>17</sup> *Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests*, 14 FCC Rcd 12559, 12580 (1999). *Accord*, *Roy M. Speer*, 11 FCC Rcd 18393 (1996).

<sup>18</sup> Univision Opposition at p. 11

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Had an independent audit been conducted, an honest and complete answer could have been provided.

Univision has failed to submit the audited statements that the Chief Video Division requested. As such, the Commission cannot determine whether Univision's interest in Entravision complies with the Commission's EDP rule.

Thank you for your consideration of this serious matter

Sincerely,



Arthur V. Belendiuk

Enclosure

cc: Elgin FM Limited Partnership  
c/o Harry F. Cole, Esquire  
Fletcher, Heald & Hildreth, P.L.C.  
1300 North 17<sup>th</sup> Street, 11<sup>th</sup> Floor  
Arlington, VA 22209-3801

Hispanic Broadcasting Corporation  
c/o Lawrence N. Cohn, Esquire  
Cohn and Marks LLP  
1920 N Street, N.W., #300  
Washington, D.C. 20036-1622

Univision Communications, Inc.  
Scott R. Flick, Esquire  
Shaw Pittman LLP  
2300 N Street, N.W.  
Washington, D.C. 20037-1128

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U.S. Department of Justice  
c/o John Filippini, Esquire  
Antitrust Division  
Litigation 11 Section  
1401 H Street, N.W., #3000  
Washington, D.C. 20530

Rebecca Fish, Esquire  
Assistant Attorney General  
Office of the Attorney General  
300 West 15<sup>th</sup> Street  
9<sup>th</sup> Floor  
Austin, Texas 78701  
(Via: Fax: 512-320-0975)

# **EXHIBIT 1**

10-K 1d10k.htm FORM IO-K FOR THE PERIOD ENDED 12/31/2001

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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-K**

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

For the Fiscal Year Ended December 31,2001

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)

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

2425 Olympic Boulevard, Suite 6000 West  
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:

<small>Title of each class</small>	<small>Name Of each exchange on which registered</small>
Class A Common Stock	New York Stock Exchange

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

None

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 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.

The aggregate market value of voting stock held by non-affiliates of the registrant as of March 21, 2002 was approximately \$671,653,041 (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). Shares of Class A common stock held by each officer, director and holder of 5% or more of the outstanding Class A common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 21, 2002, there were 70,023,078 shares, \$0.0001 par value per share, of the registrant's Class A common stock outstanding, 27,678,533 shares, \$0.0001 par value per share, of the registrant's Class B common stock outstanding and 21,983,392 shares, \$0.0001 par value per share, of the registrant's Class C common stock outstanding.

Portions of the registrant's Proxy Statement for the 2002 Annual Meeting of Stockholders scheduled to be held on May 16, 2002 are incorporated by a reference in Part III hereof.

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### FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operation; 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," "will," "estimate," "intend," "continue," "believe," "expect" or "anticipate" and other similar words. Such forward-looking statements may be contained in Item 1, "Business" (including the "Risk Factors" section of that Item) and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," among other places.

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 to inherent risks and uncertainties, such as those disclosed in this document. We do not intend, and undertake no obligation, to update any forward-looking statement.

#### ITEM 1. BUSINESS

*The discussion of our business is as of the date of filing this report, unless otherwise indicated.*

##### Overview

Entravision Communications Corporation and its wholly owned subsidiaries, or Entravision, is a diversified Spanish-language media company with a unique portfolio of television, radio, outdoor advertising and publishing assets, reaching approximately 80% of all Hispanics in the U.S. We own and/or operate 38 primary television stations that are located primarily in the southwestern U.S., including the U.S./Mexican border markets. Our television stations consist primarily of affiliates of the two television networks of Univision Communications Inc. ("Univision") serving 21 of the top 50 Hispanic markets in the U.S. We are the largest Univision-affiliated television group in the U.S. Univision is a key source of programming for our television broadcasting business and we consider them to be a valuable strategic partner of ours.

We own and operate one of the largest groups of Spanish-language radio stations in the U.S. We own and/or operate 54 radio stations in 25 U.S. markets, including Spanish-language stations in Los Angeles, San Francisco, Phoenix and Dallas-Ft. Worth. Our radio stations consist of 39 FM and 15 AM stations serving portions of the Arizona, California, Colorado, Florida, Illinois, Nevada, New Mexico and Texas markets.

Our outdoor advertising operations consist of approximately 1,200 advertising faces located primarily in high-density Hispanic communities in Los Angeles and New York. We also own El Diario/La Prensa, the oldest major Spanish-language daily newspaper in the U.S.

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 in which all of the outstanding direct and indirect membership interests of our predecessor were exchanged for shares of our Class A and Class B common stock and a \$120 million subordinated note and option held by Univision was exchanged for shares of our Class C common stock.

On August 2, 2000, we also completed an initial public offering, or IPO, of our Class A common stock. We sold 46,435,458 shares of our Class A common stock to the underwriters at a price of \$16.50 per share. We also sold 6,464,542 shares of our Class A common stock directly to Univision at a price of \$15.47 per share. The net proceeds to us after deducting underwriting discounts and commissions and offering expenses were approximately \$814 million.

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Also on August 2, 2000, we completed a reorganization from a limited liability company to a corporation. As a result of this reorganization, prior to the closing of the IPO, the beneficial ownership of Entravision was virtually identical to the beneficial ownership of Entravision Communications Company, L.L.C., our predecessor, immediately before the reorganization. This reorganization occurred as follows:

- Walter Ulloa, Philip Wilkinson and Paul Zevnik and each of their trusts and other related entities exchanged their direct and indirect ownership interests in our predecessor for newly-issued shares of **Class B** common stock;
- each of the stockholders in the seven corporate member entities of our predecessor (other than Messrs. Ulloa, Wilkinson and Zevnik and their trusts and related entities) exchanged their shares in such corporate members for newly-issued shares of **Class A** common stock;
- each of the remaining individuals, trusts and other entities holding direct membership interests in our predecessor exchanged such interests for newly-issued shares of **Class A** common stock; and
- Univision exchanged its subordinated note and option in our predecessor for shares of **Class C** common stock.

On March 18, 2002, we issued \$225 million in Senior Subordinated Notes due 2009 (the "Notes"). The Notes bear interest at 8 1/8% per year, payable semi-annually on March 15 and September 15 of each year, commencing on September 15, 2002. The net proceeds from the Notes were used to pay the outstanding balance under our bank credit facility and for general corporate purposes.

We generate revenue from sales of national and local advertising time on television and radio stations and advertising on our billboards and in our publication. Advertising rates are, in large part, based on each media's ability to attract audiences in demographic groups targeted by advertisers. We recognize advertising revenue when commercials are broadcast, outdoor services are provided and publishing services are provided. We incur commissions from agencies on local, regional and national advertising. Our revenue reflects deductions from gross revenue for commissions to these agencies.

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

### The Hispanic Market Opportunity

Our media assets target densely-populated and fast-growing Hispanic markets in the U.S. We operate media properties in 12 of the 15 highest-density Hispanic markets in the U.S. In addition, among the top 25 Hispanic markets in the U.S., we operate media properties in 12 of the 15 fastest-growing markets. We believe that targeting the Hispanic market will translate into strong growth for the foreseeable future for the following reasons:

**Hispanic Population Growth.** Our audience consists primarily of Hispanics, one of the fastest-growing segments of the U.S. population. According to Census 2000 data, over 35 million Hispanics live in the U.S., accounting for approximately 13% of the total U.S. population. The overall Hispanic population is growing at approximately seven times the rate of the non-Hispanic population in the U.S. and is expected to grow to 55.2 million (17% of the total U.S. population) by 2020. Approximately 46% of the total future growth in the U.S. population through 2020 is expected to come from the Hispanic community. By 2005, Hispanics are projected to be the largest minority group in the U.S.

**Spanish-Language Use.** Approximately 68% of all Hispanics in the U.S. speak Spanish at home. This percentage is expected to remain relatively constant through 2020. The number of Hispanics who speak Spanish in the home is expected to grow from 22 million in 2000 to 36.3 million in 2020. We believe that the strong Spanish-language use among Hispanics indicates that Spanish-language media will continue to be an important source of news, sports and entertainment for Hispanics and an important vehicle for marketing and advertising.

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**Increasing Hispanic Buying Power.** The Hispanic population in the U.S. accounted for total consumer expenditures of approximately \$444 billion in 2000, an increase of 106% since 1990. Hispanics are expected to account for over \$1 trillion in consumer expenditures by 2010 and by 2020, Hispanics are expected to account for \$2.1 trillion in consumer expenditures (12% of total U.S. consumer spending). Hispanic buying power is expected to grow at approximately five times the rate of the Hispanic population growth by 2020. We believe that these factors make Hispanics an attractive target audience for many major U.S. advertisers.

**Attractive Profile of Hispanic Consumers.** We believe that the demographic profile of the Hispanic audience makes it attractive to advertisers. We believe that the larger size and younger age of Hispanic households (averaging 3.4 persons and 27.6 years of age as compared to the general public's average of 2.5 persons and 37.2 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 23.5% more per year than the average non-Hispanic U.S. household on food at home, 96% more on children's clothing, 55% more on footwear and 27% more on laundry and household cleaning products. We expect Hispanics to continue to account for a disproportionate share of growth in spending nationwide in many important consumer categories as the Hispanic population and its disposable income continue to grow.

**Spanish-Language Advertising.** According to published sources, nearly \$2.2 billion of total advertising expenditures in the U.S. were placed in Spanish-language media in 2001, of which approximately 84% was placed in Spanish-language television and radio advertising. We believe that major advertisers have found that Spanish-language media is a more cost-effective means to target the growing Hispanic audience than English-language broadcast media.

## Business Strategy

We seek to increase our advertising revenue through the following strategies:

**Effectively Use Our Networks and Media Brands.** We are the largest Univision television affiliate group for Univision's primary network as well as its new network, Telefuturo, which was launched in January 2002. Univision's primary network is the most-watched television network (English- or Spanish-language) among U.S. Hispanic households, capturing approximately an 81% market share of the U.S. Spanish-language prime time audience as of December 2001. Univision makes its networks' Spanish-language programming available to our television stations 24-hours a day, 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 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 operate our radio network using three primary formats designed to appeal to different listener tastes. We format the programming of our network and radio stations to capture a substantial share of the U.S. Hispanic audience.

**Invest in Media Research and Sales.** We believe that continued use of reliable ratings and surveys will allow us to further increase our advertising rates. We use industry ratings and surveys, including Nielsen, Arbitron, the Traffic Audit Bureau and the Audit Bureau of Circulation, to provide a more accurate measure of consumers that we reach with our operations. We believe that our focused research and sales efforts will enable us to continue to achieve significant revenue growth.

**Continue to Benefit from Strong Management.** We believe that we have one of the most experienced management teams in the industry. Walter Ulloa, our co-founder, Chairman and Chief Executive Officer,

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Philip Wilkinson, our co-founder, President and Chief Operating Officer, Jeanette Tully, our Executive Vice President and Chief Financial Officer, Jeffrey Liberman, the President of our Radio Division, and Glenn Emanuel, the President of our Outdoor Division, have an average of more than 20 years of media experience. We intend to continue to build and retain our key management personnel and to capitalize on their knowledge and experience in the Spanish-language markets.

**Emphasize Local Content, Programming and Community Involvement.** We believe that local content in each market we serve is an important part of building our brand identity within the community. By combining our local news 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.

**Increase in Market Cross-Selling and Cross-Promotion.** We believe that our uniquely diversified asset portfolio provides us with a competitive advantage. We are one of the only Hispanic media companies that has the ability to provide advertisers with attractive media packages which combine television, radio, outdoor advertising and publishing in targeting the Hispanic consumer. In 2001, we began the process of combining television and radio operations to create synergies and achieve cost savings and are continuing that process in 2002. Currently, we operate some combination of television, radio, outdoor advertising and publishing in 13 markets.

**Target Other Attractive Hispanic Markets and Fill-In Acquisitions.** We believe that our knowledge of, and experience with, the Hispanic marketplace will enable us to continue to identify acquisitions in the television, radio and outdoor advertising markets. Since our inception, we have used our management expertise, programming and brand identity to improve our acquired media properties.

## Television

### Overview

We own and/or operate Univision-affiliated television stations in 21 of the top 50 Hispanic markets in the U.S. Our television operations are the largest affiliate group of the Univision networks. Univision's primary network is the leading Spanish-language network in the U.S., reaching more than 97% of all Hispanic households. Univision's primary network is the most-watched television network (English- or Spanish-language) among U.S. Hispanic households, representing approximately an 81% market share of the U.S. Spanish-language network television prime time audience as of December 2001. Univision's networks make available to our Univision-affiliated stations 24-hours a day of Spanish-language programming. 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 its young, family-oriented audience. It begins daily with Despierta America and other talk and information shows, Monday through Friday, followed by novelas. In the late afternoon and early evening, Univision offers a talk show, a game show, a news-magazine and national news, in addition to local news produced by our television stations. During prime time, Univision airs novelas, variety shows, a talk show, comedies, news magazines and lifestyle shows, as well as specials and movies. Prime time is followed by late news and a late night talk show. Overnight programming consists primarily of repeats of programming aired earlier in the day. Weekend daytime programming begins with children's programming, followed by sports, variety, teen lifestyle 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 and Venevision. Although novelas have been compared to daytime soap operas on ABC, NBC or CBS, the differences are

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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.

*Telefutura Network Programming.* On January 14, 2002, Univision launched a new 24-hour general-interest Spanish-language broadcast network, Telefutura, to meet the diverse preferences of the multi-faceted U.S. Hispanic community. Telefutura's programming includes sports (including live boxing, soccer and a nightly wrap-up similar to ESPN's at 11 p.m.), movies (including a mix of English-language movies dubbed into Spanish) and novelas (not run on Univision's primary network), as well as reruns of popular novelas broadcast on Univision's primary network. Telefutura offers U.S. Hispanics an alternative to traditional Spanish-language broadcast networks and targets younger U.S. Hispanics who currently watch predominantly English-language programming.

*Entravision Local Programming.* We believe that our local news brands each of our stations in the market. We shape our local news to relate to our target audiences. In seven of our television markets, our local news is ranked #1 in its designated time slot among viewers 18-34 years of age, in any language. 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.

*Network Affiliation Agreements.* Substantially all of our television stations are Univision-affiliated television stations. Our network affiliation agreements with Univision provide certain of our stations with the exclusive right to broadcast the Univision primary network programming in its respective market. These long-term affiliation agreements expire in 2021. Under the affiliation agreements, Univision retains the right to sell approximately six minutes per hour of the advertising time available during the Univision schedule, with the remaining six minutes per hour available for sale by our stations.

Our network affiliation agreement with the United Paramount Network ("UPN") gives us the right to provide UPN network programming for a ten year period expiring in October 2009 on XUPN-TV serving the Tecate/San Diego market. A related participation agreement grants UPN a 20% interest in the appreciation of XUPN-TV above \$35 million upon certain liquidity events as defined in the agreement.

XHAS-TV broadcasts Telemundo Network Group LLC ("Telemundo") network programming serving the Tijuana/San Diego market pursuant to a network affiliation agreement. Our network affiliation agreement with Telemundo gives us the right to provide Telemundo network programming for a six year period expiring in July 2007 on XHAS-TV serving the Tijuana/San Diego market. The affiliation agreement grants Telemundo a 20% interest in the appreciation of XHAS-TV above \$31 million, plus capital expenditures and certain other adjustments upon certain liquidity events as defined in the agreement. We also granted Telemundo an option to purchase our ownership interest in KTCD-LP at a purchase price equal to our cost for such interest.

Our joint marketing and programming agreement with Grupo Televisa and certain of its affiliates gives us the right through December 2004 to manage the programming, advertising, sales and certain operations functions of XETV-TV, Channel 6, the Fox network affiliate serving the Tijuana/San Diego market.

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## Our Television Station Portfolio

The following table lists information as of March 22, 2002 concerning each of our owned and/or operated television stations and its respective market:

Market	Market Rank (by Hispanic Households)	Total Households	Hispanic Households	% Hispanic Households	Call Letters, Channel	Programming
Harlingen-Weslaco- Brownsville-McAllen, Texas	10	273,370	220,080	80.5%	KNVO-TV, Channel 48	Univision
Albuquerque-Santa Fe, New Mexico	11	607,170	206,520	34.0%	KLUZ-TV, Channel 41 KTFA-LP, Channel 48	Univision Telefutura
Denver-Boulder, Colorado	12	1,281,620	196,500	14.2%	KCEC-TV, Channel 50 KTFD-LP, Channel 36 K03EM, Channel 3	Univision Telefutura Univision
San Diego, California	14	915,690	191,820	19.6%	KBNT-LP, Channel 17 KTCD-LP, Channel 46 KHAX-LP, Channel 49	Univision Telemundo Telemundo
El Paso, Texas	16	211,120	187,680	68.7%	KINT-TV, Channel 26 KTFN-TV, Channel 65	Univision Telefutura
Washington, D.C.	18	2,128,430	133,450	6.3%	WMDO-CA, Channel 30 (1) WJAL-TV, Channel 68 WFDC-TV, Channel 14 (2)	Univision Univision Telefutura
Tampa-St. Petersburg (Sarasota), Florida	19	1,568,100	123,860	7.9%	WVEA-TV, Channel 62 WVEA-LP, Channel 61 WFTT-TV, Channel 50 (2)	Univision Univision Telefutura
Orlando-Daytona Beach- Melbourne, Florida	20	1,182,420	118,280	10.0%	WVEN-TV, Channel 26  WVCI-LP, Channel 63 (3) W62CC, Channel 62 WOTF-TV, Channel 43 (2)	Univision Time Brokered Univision Telefutura
Boston, Massachusetts	23	2,311,700	106,610	4.6%	WUNI-TV, Channel 21 WUTF-TV, Channel 66 (2)	Univision Telefutura
Las Vegas, Nevada	24	1,179,680	105,290	18.2%	KINC-TV, Channel 15 KELV-LP, Channel 2 KNTL-LP, Channel 47 KWWB-LP, Channel 45	Univision Telefutura Univision Univision
Corpus Christi, Texas	26	188,260	92,240	49.0%	KORO-TV, Channel 28 KCRP-CA, Channel 41 (1)	Univision Telefutura
Monterey-Salinas-Santa Cruz, California	28	229,450	68,030	29.6%	KSMS-TV, Channel 67	Univision
Hartford-New Haven, Connecticut	29	953,130	66,790	7.0%	WUVN-TV, Channel 18 WUTH-TV, Channel 41 (4)	Univision Telefutura
Laredo, Texas	34	56,080	50,810	90.6%	KLDO-TV, Channel 27	Univision
Yuma, Arizona-El Centro, California	35	95,750	47,640	49.7%	KVYE-TV, Channel 7	Univision
Colorado Springs-Pueblo, Colorado	37	305,710	46,010	15.0%	KGHB-CA, Channel 27 (1)	Univision

Santa Barbara-Santa Maria-San Luis Obispo, California	39	225,260	43,660	19.4%	KPMR-TV, Channel 38 KTSB-LP, Channel 43 (4) K100G, Channel 10 (4) K21EX, Channel 21 (4) K28FK, Channel 28 (4) K35ER, Channel 35 (4)	Univision Telefutura Telefutura Telefutura Telefutura
Odessa-Midland, Texas	40	132,960	43,190	32.5%	KUPB-TV, Channel 18	Univision
Palm Springs, California	42	119,060	38,910	22.7%	KVER-CA, Channel 4 (1) KEVC-CA, Channel 5 (1) KVES-LP, Channel 28	Univision Telefutura Univision
Lubbock, Texas	45	144,750	37,750	26.1%	KBZO-LP, Channel 51	Univision
Amarillo, Texas	46	191,940	37,430	19.5%	KEAT-LP, Channel 22	Univision
Reno, Nevada	56	239,840	27,780	11.6%	KNVV-LP, Channel 41 KNCV-LP, Channel 48	Univision Univision
San Angelo, Texas	80	50,640	12,750	25.2%	KEUS-LP, Channel 31	Univision
Tecate, Baja California, Mexico	—	—	—	—	XUPN-TV, Channel 49 (5)	UPN
Tijuana, Mexico	—	—	—	—	XHAS-TV, Channel 33 (5) XETV-TV, Channel 6 (2)	Telemundo Fox

Source: Nielsen Media Research 2002 universe estimates.  
(footnotes on next page)

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(footnotes from preceding page)

- (1) "CA" in call letters indicates station is under Class A television service.
- (2) We run the sales and marketing operations of this station under a marketing and sales arrangement.
- (3) Operated pursuant to a time brokerage agreement under which we grant to a third-party the right to program the station.
- (4) Operated pursuant to a time brokerage agreement under which a third-party grants to us the right to program the station.
- (5) We hold a minority, limited voting interest (neutral investment stock) in the entity that directly or indirectly holds the broadcast license for this station. We have been retained to provide the programming and related services available on this station under a time brokerage agreement. The station holds absolute control on the contents and other broadcast issues.

**Television Advertising**

*Local.* Local advertising revenue is generated from commercial airtime and is sold directly by the station to an in-market advertiser or its agency.

*National.* National advertising revenue represents commercial time sold to a national advertiser within a specific market by Univision, our national representative firm. For these sales, Univision is paid a 15% commission on the net revenue from each sale (gross revenue less agency commission). We target the largest national Spanish-language advertisers that collectively purchase the greatest share of national advertisements through Univision. The Univision representative works closely with each station's national sales manager. This has enabled us to secure major national advertisers, including Ford Motor Company, General Motors, AT&T, McDonald's, Burger King and Wells Fargo Bank. We have a similar national advertising representative arrangement with Telemundo. XUPN/XETV are represented by Blair Television Inc. In 2001, national advertising accounted for 41%, local advertising accounted for 58% and network and other compensation for 1% of our total television advertising revenue.

*Network.* Network compensation represents compensation for broadcasting network programming in two television markets.

**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 four 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 time of day the advertising will run; and
- the demographic qualities of a program's viewers (primarily age and gender).

Nielsen ratings provide advertisers with the industry-accepted measure of television viewing. In recent years, Nielsen began a special service to measure Hispanic viewing. Nielsen is now introducing improved methodology to its general market service that more accurately measures Hispanic viewing by using language spoken in the home in its metered market sample. We believe that this new methodology will result in substantial ratings gains and allow us to further increase our advertising rates and narrow any primary disparities which have historically existed between English-language and Spanish-language 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.

The various Nielsen rating services that we use are described below:

*Nielsen Hispanic Station Index.* This service measures Hispanic household viewing at the local market level. Each sample also reflects the varying levels of language usage by Hispanics in each market in order to

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more accurately reflect the Hispanic household population in the relevant market. Nielsen Hispanic Station *Index* only measures the audience viewing of Hispanic households, that is, households where the head of the household is of Hispanic descent or origin. Although this offers improvements over previous measurement indices, we believe that it still under-reports the number of viewers watching Entravision programming because we have viewers who do not live in Hispanic households.

*Nielsen Station Index.* This service measures local station viewing of all households in a specific market. We buy these reports in most of our markets to measure our viewing against both English- and Spanish-language competitors. This rating service, however, is not language-stratified and generally under-represents Spanish-speaking households. As a result, we believe that this typically under-reports viewing of Spanish-language television. Despite this limitation, the Nielsen Station Index demonstrates that many of our full-power broadcast stations achieve total market ratings that are fully comparable with their English-language counterparts, with seven of our full-power television stations ranking as the top station in their respective markets in prime time among viewers 18-34 years of age.

### Television Competition

We compete for viewers and revenue with other Spanish-language and English-language television stations and networks, including the four principal English-language television networks, ABC, CBS, NBC and Fox, and in certain cities, UPN and Warner Bros. Certain of these English-language networks and others have begun producing Spanish-language programming and simulcasting certain programming in English and Spanish. Several cable broadcasters have recently commenced, or announced their intention to commence, Spanish-language services as well.

Telemundo is a competitor that broadcasts Spanish-language television programming. As of December 31, 2001, Telemundo had total coverage reaching approximately 88% of all Hispanic households in their markets. In some of our markets, we compete directly with stations affiliated with Telemundo. We also compete for viewers and revenue with independent television stations, other video media, suppliers of cable television programs, direct broadcast systems, newspapers, magazines, radio and other forms of entertainment and advertising.

## Radio

### Overview

We own and/or operate 54 radio stations in 25 markets, 52 of which are located in the top 50 Hispanic markets in the U.S. Our radio stations cover in aggregate approximately 57% of the Hispanic population in the U.S. Our radio operations combine network 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 independent programming.

### Radio Programming

**Radio Network.** Through our radio network, we have created one of the largest U.S. Hispanic radio markets, currently with approximately 20 million potential listeners. Our network allows clients with national product distribution to deliver a uniform advertising message to the growing Hispanic market around the country in an efficient manner and at a cost that is generally lower than our English-language counterparts.

Although our network has a broad reach across the U.S., 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

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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 the central satellite transmission.

**Radio Formats.** We produce programming in a variety of music formats that are simultaneously distributed via satellite with a digital CD-quality sound to our owned and/or operated stations. We offer three primary formats which appeal to different listener preferences:

- Radio Romantica is an adult-contemporary, romantic ballads/current hits format, targeting primarily female Hispanic listeners 18-49 years of age.
- Radio Tricolor is a personality-driven, Mexican country-style format, targeting primarily male Hispanic listeners 18-49 years of age.
- Super Estrella is a music-driven, pop and alternative Spanish-rock format, targeting primarily Hispanic listeners 18-34 years of age.

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**Our Radio Station Portfolio**

The following table lists information as of March 22, 2002 concerning each of our owned and/or operated radio stations and its respective market:

Market	Market Rank (by Hispanic Households)	Station	Frequency	Format
Los Angeles, California	1	KSSC-FM	103.1 MHz	Super Estrella(1)
		KSSD-FM	103.1 MHz	Super Estrella(1)
		KSSE-FM	97.5 MHz	Super Estrella(1)
Miami-Ft. Lauderdale-Hollywood, Florida	3	WLQY-AM	1320 kHz	Time Brokered(2)
Houston-Galveston, Texas	4	KCOL-AM	1180 kHz	Time Brokered(2)
Chicago, Illinois	5	WRZA-FM	99.9 MHz	Super Estrella(1)
		WLCH-FM	103.9 MHz	Super Estrella(1)
		WNUZ-AM	750 kHz	Time Brokered(2)
Dallas-Ft. Worth, Texas	6	KRVA-FM	106.9 MHz	Super Estrella(1)(3)
		KRVF-FM	107.1 MHz	Super Estrella(1)(3)
		KZMP-FM	101.7 MHz	Radio Tricolor(1)
		KKVA-AM	1600 kHz	Radio Romantica
		KXGM-FM	106.5 MHz	Time Brokered(2)
		KZMP-AM	1540 kHz	Radio Tricolor(1)
San Francisco-San Jose California	7	KBRG-FM	100.3 MHz	Radio Romantica
		KLOK-AM	1170 kHz	Radio Tricolor
Phoenix, Arizona	8	KLNZ-FM	103.5 MHz	Radio Tricolor
		KVVA-FM	101.1 MHz	Radio Romantica(1)
		KUET-AM	710 kHz	Stardust (English)
		KDVA-FM	106.9 MHz	Radio Romantica(1)
Harlingen-Weslaco-Brownsville-McAllen, Texas	10	KFKQ-FM	94.5 MHz	Classic Rock (English)
		KKPS-FM	99.5 MHz	Tejano
		KVLY-FM	107.9 MHz	Adult Contemporary (English)
		KVPA-FM	101.1 MHz	Top 40 (English)
Albuquerque-Santa Fe, New Mexico	11	KRZY-FM	105.9 MHz	Radio Romantica
		KRZY-AM	1450 kHz	Radio Tricolor
Denver-Boulder, Colorado	12	KJMN-FM	92.1 MHz	Radio Romantica
Aspen, Colorado		KMXA-AM	1090 kHz	Radio Tricolor
Fresno, California	13	KPVW-FM	107.1 MHz	Country (English)
		KZFO-FM	92.1 MHz	Super Estrella
Sacramento, California	15	KRRE-FM	104.3 MHz	Radio Romantica
		KRCX-FM	99.9 MHz	Radio Tricolor
		KCCL-FM	101.9 MHz	Oldies (English)
Stockton, California		KMIX-FM	100.9 MHz	Radio Tricolor
		KCVR-AM	1570 kHz	Radio Romantica(1)
Modesto, California		KCVR-FM	98.9 MHz	Radio Romantica(1)
		KTSE-FM	97.1 MHz	Super Estrella
El Paso, Texas	16	KINT-FM	91.9 MHz	La Caliente (Top 40)
		KHHO-FM	94.1 MHz	80's (English)
		KOFX-FM	92.1 MHz	Oldies (English)
		KSVE-AM	1150 kHz	Radio Unica
		KBIV-AM	1650 kHz	(4)
Las Vegas, Nevada	24	KRRN-FM	105.1 MHz	Super Estrella

Tucson/Nogales, Arizona	25	KZLZ-FM KZNO-FM	105.3 98.3	MHz MHz	Radio Tricolor Radio Tricolor(3)
Monterey-Salinas-Santa Cruz, California	28	KLOK-FM KSES-FM KMBX-AM	99.5 107.1 700	MHz MHz kHz	Radio Tricolor Super Estrella Oldies (Spanish)
El Centro, California Brawley, California Imperial, California	35	KSEH-FM KWST-AM KMXX-FM	94.5 1430 99.3	MHz kHz MHz	Super Estrella Country (English) Radio Tricolor
Palm Springs, California	42	KLOB-FM	Y4.1	MHz	Radio Romantica
Lubbock, Texas	45	KBZO-AM	1460	kHz	Radio Tricolor
Reno, Nevada	56	KRNV-FM	101.1	MHz	Radio Tricolor

Source: Nielsen Media Research 2002 universe estimates.  
(footnotes on next page)

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(footnotes from preceding page)

- (1) Simulcast station.
- (2) Operated pursuant to a time brokerage agreement under which we grant to a third-party the right to program the station.
- (3) Operated pursuant to a time brokerage agreement under which a third-party grants to us the right to program the station.
- (4) Regular broadcast operations not yet commenced.

**Significant Acquisitions**

*The LCG Acquisition.* Through our acquisition of Latin Communications Group Inc., or LCG, on April 20, 2000 for approximately \$256 million, we added 17 radio stations to our existing radio stations and LCG's publishing operations. LCG's radio stations are located in nine radio markets, including Los Angeles and San Francisco, which are two of the top ten U.S. Hispanic markets.

*The Z-Spanish Media Acquisition.* Through our acquisition of Z-Spanish Media Corporation, or Z-Spanish Media, on August 9, 2000 for approximately \$462 million, including the assumption of approximately \$110 million of debt, we became the largest group of Spanish-language radio stations and the largest centrally programmed radio network in the U.S. targeting primarily Hispanic listeners. Z-Spanish Media also operates one of the largest outdoor advertising companies in the U.S. focusing on the Hispanic market.

*Acquisition of Radio Stations KACD-FM and KBCD-FM.* On August 24, 2000, we acquired certain assets relating to the operations of radio stations KACD-FM, Santa Monica, California, and KBCD-FM, Newport Beach, California, from Citicasters Co., a subsidiary of Clear Channel Communications, Inc. ("Clear Channel"), for \$85 million.

*Acquisition of Radio Stations KFRQ-FM, KVPA-FM and KVLV-FM.* On September 12, 2000, we acquired certain assets relating to the operations of radio stations KFRQ-FM, KFPS-FM, KVPA-FM and KVLV-FM in the McAllen, Texas market from Sunburst Media, LP for \$55 million.

**Radio Advertising**

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

*Local.* This form of revenue refers to advertising usually purchased by a local client or agency directly from the station's sales force. In 2001, local radio revenue comprised approximately 77% of our total radio revenue.

*National.* This form of revenue refers to advertising purchased by a national client targeting a specific market. Usually this business is placed by a national advertising agency or media buying services and ordered through one of the offices of our national sales representative, Lotus/Entravision Reps LLC ("Lotus/Entravision"). Lotus/Entravision is a joint venture we entered into in August 2001 with Lotus Hispanic Reps Corp. ("Lotus"). We believe that Lotus brings significant national sales expertise and reach in targeting key Hispanic media advertisers. Lotus/Entravision has increased our ability to capture national advertising sales. During the fourth quarter of 2001, we experienced improved national sales every consecutive month of that quarter. The national accounts are handled locally by the station's general sales manager and/or national sales manager. In 2001, approximately 21% of our total radio revenue was from national radio advertising.

*Network.* This form of revenue refers to advertising that is placed on one or all of our network formats. This business is placed as a single order and is broadcast from the network's central location. The network advertising can be placed by a local account executive that has a client in its market that wants national exposure. Network inventory can also be sold by corporate executives and/or by our national representative. In 2001, network radio revenue accounted for approximately 2% of our total radio revenue.

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## ITEM 6. SELECTED FINANCIAL DATA

Presented below are our selected financial data for the fiscal years ended December 31, 2001, 2000, 1999, 1998 and 1997.

The data as of December 31, 2001, 2000, 1999, 1998 and 1997 and for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 are derived from, and are qualified by reference to, our audited financial statements and should be read in conjunction therewith and the notes thereto. We experienced significant growth during 2000 and 2001, primarily due to our acquisitions. Therefore, we do not expect to experience the same rate of growth in 2002.

(In thousands, except per share and per membership unit data)

	Year Ended December 31,				
	2001	2000	1999	1998	1997
<b>Statement of Operations Data:</b>					
Net revenue	\$ 208,908	\$ 154,021	\$ 58,999	\$ 44,820	\$ 30,456
Expenses:					
Direct operating expenses	100,347	60,987	24,441	15,794	9,184
Selling, general and administrative expenses (excluding non-cash stock-based compensation)	42,485	36,600	11,611	8,877	5,845
Corporate expenses	15,636	12,741	5,809	3,963	3,899
Non-cash stock-based compensation (1)	1,243	5,822	29,143	500	900
Depreciation and amortization	120,017	69,238	15,982	10,934	10,216
Total expenses	281,728	185,388	86,986	40,068	30,044
Operating income (loss)	(72,820)	(31,367)	(27,987)	4,752	412
Interest expense, net	(20,978)	(23,916)	(9,591)	(8,244)	(5,107)
Non-cash interest expense relating to related-party beneficial conversion options (2)	—	(39,677)	(2,500)	—	—
Gain on sale of media properties	4,977	—	—	—	—
Loss before income taxes	(88,821)	(94,960)	(40,078)	(3,492)	(4,695)
Income tax (expense) benefit (3)	22,999	2,934	121	(210)	7,531
Equity in income (loss) of nonconsolidated affiliates	27	(214)	—	—	—
Net income (loss)	(65,795)	(92,240)	\$ (39,957)	\$ (3,702)	\$ 2,836
Accretion of preferred stock redemption value	110,117	(2,449)			
Net loss applicable to common stock	\$ (75,912)	\$ (94,689)			
Net loss per share: basic and diluted	\$ (0.66)	\$ (0.27)			
Weighted average common shares outstanding, basic and diluted	115,223	115,288			
Pro forma:					
Provision for income tax benefit (4)		\$ 5,904	\$ 2,499	\$ 322	\$ 643
Net loss (4)		\$ (86,336)	\$ (37,579)	\$ (3,170)	\$ (4,052)
Per share data:					
Net loss per share, basic and diluted (4)		\$ (1.34)	\$ (1.16)	\$ (0.10)	\$ (0.12)
Weighted average common shares outstanding, basic and diluted				30,000	32,912
Loss per membership unit (5)		\$ (21.94)	\$ (10.10)	\$ (0.07)	\$ (1.19)

Year Ended December 31,

	<b>2001</b>	<b>MCO</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Other Financial Data:</b>					
Broadcast cash flow (6)	\$ 66,076	I 56,434	\$ 22,947	\$ 20,149	\$ 15,427
EBITDA (adjusted for non-cash stock-based compensation) (7)	50,440	43,693	17,138	16,186	11,528
Non-cash stock-based compensation (1)	3,243	5,822	29,143	500	900
Cash flows from operating activities	11,998	10,608	6,128	7,658	6,509
Cash flows from investing activities	(63,733)	(1,002,300)	(59,061)	(25,586)	(61,908)
Cash flows from financing activities	1,524	1,058,559	51,631	19,139	54,763
Capital expenditures	28,941	23,675	12,825	3,094	2,366
<b>As of December 31,</b>					
	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	I 19,013	\$ 69,224	I 2,357	\$ 3,661	\$ 2,250
Total assets	1,535,517	1,560,493	205,017	131,291	111,953
Long-term debt, including current portion	252,169	254,947	167,306	99,737	74,656
Series A mandatorily redeemable convertible preferred stock	90,720	80,603	—	—	—
Total equity	987,395	1,055,377	28,011	24,871	32,057

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(footnotes from preceding page)

- (1) Non-cash stock-based compensation consists primarily of compensation expense relating to stock awards granted to our employees and consultants and vesting of the intrinsic value of unvested options exchanged in our acquisition of Z-Spanish Media in 2000.
- (2) Non-cash interest expense charges relate to the estimated intrinsic value of the conversion options contained in our subordinated note to Univision in the amount of \$2.5 million in 1999 and \$31.6 million in 2000, and the conversion option feature in our convertible subordinated note in the amount of \$8.1 in 2000.
- (3) Included in the 1997 income tax expense is a \$7.8 million tax benefit that resulted from the reversal of previously recorded deferred tax liabilities that were established in our acquisition of television station KNVO-TV upon its conversion from a C-corporation to an S-corporation. Included in the 2000 income tax benefit is a charge of \$10.5 million relating to the effect of change in tax status, which resulted from the recording of a net deferred tax liability upon our reorganization from a limited liability company to a C-corporation, effective with our P.O.
- (4) Pro forma net loss and pro forma basic and diluted net loss per share give effect to our reorganization from a limited liability company to a C-corporation for federal and state income tax purposes and assume that we were subject to corporate income taxes at an effective combined federal and state income tax rate of 40% before the effect of non-tax deductible goodwill, non-cash stock-based compensation and non-cash interest expense for each of the three years in the period ended December 31, 1999. The December 31, 2000 statement of operations reflects operations and the related income tax benefit as a C-corporation for the period subsequent to our reorganization. Pro forma income tax expense is presented for the period from January 1, 2000 through the August 2, 2000 reorganization on the same basis as the preceding years.
- (5) Loss per membership unit is computed as net loss of our predecessor divided by the number of membership units as of the last day of each reporting period. For 2000, loss per membership unit is for the period from January 1, 2000 through the August 2, 2000 reorganization.
- (6) Broadcast cash flow means operating income (loss) before corporate expenses, depreciation and amortization and non-cash stock-based compensation. We have presented broadcast cash flow, which we believe is comparable to the data provided by to other companies in the broadcast industry, because such data is commonly used as a measure of performance in our industry. However, broadcast cash flow should not be construed as an alternative to operating income (as determined in accordance with accounting principles generally accepted in the U.S.) as an indicator of operating performance or to cash flows from operating activities (as determined in accordance with accounting principles generally accepted in the U.S.) as a measure of liquidity.
- (7) EBITDA means broadcast cash flow less corporate expenses and is commonly used in the broadcast industry to analyze and compare broadcast companies on the basis of operating performance, leverage and liquidity. EBITDA, as presented above, may not be comparable to similarly titled measures of other companies unless such measures are calculated in substantially the same fashion. EBITDA should not be construed as an alternative to operating income (as determined in accordance with accounting principles generally accepted in the U.S.) as an indicator of operating performance or to cash flows from operating activities (as determined in accordance with accounting principles generally accepted in the U.S.) as a measure of liquidity.

## Table of Contents

## ENTRAVISION COMMUNICATIONS CORPORATION

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

	December 31,	
	2001	2000
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 19,013	\$ 69,224
Receivables:		
Trade, net of allowance for doubtful accounts of 2001 \$4,851; 2000 \$5,966 (including amounts due from Univision of 2001 \$599; 2000 \$0)	44,143	38,214
Prepaid expenses and other current assets (including amounts from related parties of 2001 \$1,189; 2000 \$273)	6,308	3,311
Deferred taxes	4,481	11,244
	73,951	122,053
Total current assets		
Property and equipment, net	181,135	169,289
Intangible assets, net	1,268,351	1,255,386
Other assets, including amounts due from related parties of 2001 \$322; 2000 \$562 and deposits on acquisitions of 2001 \$431; 2000 \$2,689	12,080	13,765
	\$1,535,517	\$1,560,493
<b>LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of long-term debt	\$ 3,341	\$ 2,452
Advances payable, related parties	118	201
Accounts payable and accrued expenses (including related parties of 2001 \$1,699; 2000 \$711 which includes amounts due to Univision 2001 \$1,145; 2000 \$362)	25,210	30,274
	28,669	32,921
Total current liabilities		
Notes payable, less current maturities	249,428	252,495
Other long-term liabilities	2,313	6,672
Deferred taxes	176,992	112,419
	457,402	424,513
Total liabilities		
Commitments and Contingencies		
Series A mandatorily redeemable convertible preferred stock, \$0.0001 par value, 11,000,000 shares authorized; shares issued and outstanding 2001 and 2000 5,865,102 (liquidation value 2001 \$100,970; 2000 \$93,060)	90,720	80,603
	90,720	80,603
Stockholders' equity		
Preferred stock, \$0.0001 par value, 39,000,000 shares authorized, none issued and outstanding	—	—
Class A common stock, \$0.0001 par value, 260,000,000 shares authorized; shares issued and outstanding 2001 66,147,794; 2000 65,626,063	7	1
Class B common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and outstanding 2001 and 2000 27,678,533	3	3
Class C common stock, \$0.0001 par value, 25,000,000 shares authorized; shares issued and outstanding 2001 and 2000 21,983,392	2	2
Additional paid-in capital	1,097,611	1,092,865
Deferred compensation	(3,175)	(5,745)
Accumulated deficit	(107,059)	(31,147)
	987,395	1,055,985
Less stock subscription notes receivable	—	(608)
Treasury stock, Class A common stock, \$0.0001 par value 2001 3,684 shares; 2000 none	—	—
	987,195	1,055,377
Total stockholders' equity		
	\$1,535,517	\$1,560,493

See Notes to Consolidated Financial Statements

## **EXHIBIT 2**

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\          OMB APPROVAL          \
\-----\
\ OMB Number:      3235-0059  \
\ Expires:  January 31, 2002  \
\ Estimated average burden   \
\ hours per response...13.12 \
  
```

UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
 Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
 Filed by a Party other than the Registrant   
 Check the appropriate **box**:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE  
 COMMISSION ONLY (AS PERMITTED BY  
 RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

ENTRAVISION COMMUNICATIONS CORPORATION

-----  
 (Name of Registrant as Specified In Its Charter  
 -----

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed  
 pursuant to Exchange Act Rule 0-11 (set forth the amount on which  
 the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.  
 Check box if any part of the fee is offset as provided by Exchange  
 Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee  
 was paid previously. Identify the previous filing by registration statement  
 number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101  
 SEC 1913 13-99)

<PAGE>

[LOGO] ENTRAVISION COMMUNICATIONS

Walter F. Ulloa. Mr. Ulloa has been Chairman and Chief Executive Officer of Entravision since its inception in 1996. *See*, "Proposal 1A--Election of Class A/B Directors" for additional biographical information on Mr. Ulloa.

Philip C. Wilkinson. Mr. Wilkinson has been President and Chief Operating Officer of Entravision since its inception in 1996. *See*, "Proposal 1A--Election of Class A/B Directors" for additional biographical information on Mr. Wilkinson.

Jeanette Tully. Ms. Tully has been Executive Vice President, Chief Financial Officer and Treasurer of Entravision since September 1996, and has over 24 years of experience in the media industry. Ms. Tully was the Executive Vice President and Chief Financial Officer of Alliance Broadcasting Corporation from 1994 until early

<PAGE;

1996, when the company was sold to Infinity Broadcasting Corporation. From May 1986 until she joined Alliance Broadcasting corporation, Ms. Tully was a Vice President Of Communications Equity Associates, where she advised a variety of broadcast companies on financial matters.

Paul A. Zevnik. Mr. Zevnik has been Secretary Of Entravision since its inception in 1996. *See*, "Proposal 1A--Election of Class A/B Directors" for additional biographical information on Mr. Zevnik.

Jeffery A. Liberman. Mr. Liberman, the President of our Radio Division since May 2001, has been involved in the management and operation of Spanish-language radio stations since 1974. From 1992 until our acquisition of Latin Communications Group Inc. ("LCG") in April 2000, Mr. Liberman was responsible for operating LCG's 17 radio stations in California, Colorado, New Mexico and Washington D.C.

Glenn Emanuel. Mr. Emanuel has been President of our Outdoor Division since August 2000. Mr. Emanuel has over 20 years experience in the outdoor advertising industry. From 1997 until our acquisition of Z-Spanish Media in August 2000, Mr. Emanuel served as President of Vista Media Group, Inc. ("Vista"), 2-Spanish Media's outdoor advertising group. Before joining Vista, he served as General Manager of Regency Outdoor Advertising's Operations in Los Angeles for ten years.

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SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of February 28, 2002 by: (i) each person (or group of affiliated persons) known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock; (ii) each of our directors; (iii) the Chief Executive Officer of the Company and each of the four other most highly-compensated executive officers of the Company serving as such as of the end of the last fiscal year whose total annual salary and bonus exceeded \$100,000, for services rendered in all capacities to the Company and its subsidiaries (such individuals are hereafter referred to as the "Named Executive Officers"); and (iv) all of our directors and Named Executive Officers as a group. Because our Class B and Class C common stock and Series A preferred stock can be converted into class A common stock at any time, we are presenting the information below based on such conversions.

<TABLE>

<CAPTION>

Name and Address of Beneficial Owner(1)	Shares of Common		
	Class of Shares	Stock Beneficially Owned Number	Percent(2)
<S>	<C>	<C>	<C>
Univision Communications Inc. (3)	A	14,943,231	11.90%
TSG Capital Group(4)	C	21,983,392	11.516
Walter F. Ulloa	A	9,364,505	7.46%
Philip C. Wilkinson	A	100,425(5)	
	B	11,489,365(6)	9.152
	A	101,894(7)	

Jeanette Tully.....	B	11,489,365(8)	9.15%
Paul A. Zevnik.....	A	349,388(9)	
	A	124,957(10)	
Jeffery A. Liberman.....	B	4,699,803(11)	3.74%
Glenn Emanuel.....	A	30,451(12)	*
Andrew W. Hobson(14).....	A	315,654(13)	
Michael D. Wortsman(16).....	A	211,136(15)	
Darryl B. Thompson.....	A	56,136(17)	
Amador S. Bustos.....	A	9,263,300(18)	7.38%
Michael S. Rosen.....	A	1,050,284(19)	
Esteban E. Torres.....	A	97,361(20)	
Patricia Diaz Dennis.....	A	20,861(21)	*
All directors and Named Executive Officer as a group (13 persons)	A	--	
	A	11,721,847	9.29%
	B	27,678,533	22.05%

&lt;/TABLE&gt;

\* Represents beneficial ownership of less than 1%.

- (1) Unless otherwise noted, the address for each person is c/o Entravision Communications Corporation, 2425 Olympic Boulevard, Suite 6000 West, Santa Monica, California 90404.
- (2) Percentage ownership is based on 125,540,605 shares of common stock outstanding as of February 28, 2002 (assuming conversion of all outstanding shares of Class B and Class C common stock and Series A preferred stock). Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants and convertible notes currently exercisable or convertible, or exercisable or convertible within 60 days, are deemed outstanding for determining the number of shares beneficially owned and for computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.
- (footnotes continued on next page)

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[footnotes continued from preceding page]

- (3) Consists of 14,943,231 shares of Class A common stock and 21,983,392 shares of Class C common stock that may be converted at any time to shares of Class A common stock. The address for Univision is 1999 Avenue of the Stars, Suite 3050, Los Angeles, California 90061.
- (4) TSG Capital Group consists of TSG Capital Fund II, L.P., TSG Capital Fund III, L.P., TSG Associates II Inc., TSG Associates III, LLC and TSG Ventures, L.P. The address for each of these entities is 177 Broad Street, 12th Floor, Stamford, Connecticut 06901. Includes 5,865,102 shares of class A common stock reserved for issuance upon conversion of series A preferred stock held by TSG Capital Fund III, L.P.
- (5) Consists of 425 shares held by Ms. Alexandra Seros (Mr. Ulloa's spouse), and an option to purchase 100,000 shares of Class A common stock, which is immediately exercisable by Mr. Ulloa.
- (6) Consists of 884,848 shares held by The Walter F. Ulloa Irrevocable Trust of 1996 and 10,599,517 shares held by Mr. Ulloa personally, and also includes 68,567 shares of Class B common stock, which are subject to a right of Entravision to repurchase such shares under certain conditions.
- (7) Consists of 1,894 shares held by Mr. Wilkinson, personally, and an option to purchase 100,000 shares of Class A common stock, which is immediately exercisable by Mr. Wilkinson.
- (8) Consists of 9,424,800 shares held by The 1994 Wilkinson Family Trust, 889,848 Shares held by The 1994 Wilkinson Children's Gift Trust and 1,114,717 Shares held by Mr. Wilkinson personally, and also includes 68,567 shares of Class B common stock, which are subject to a right of Entravision to repurchase such shares under certain conditions.
- (9) Consists of 151 shares held by Ms. Tully, personally, 249,237 shares held by The Jeanette Tully 1996 Revocable Trust and an option to purchase 100,000 shares of Class A common stock, and also includes 5,667 shares of Class A common stock, which are subject to a right of Entravision to repurchase such shares under certain conditions.
- (10) Consists of 13,821 shares held by The Zevnik Charitable Foundation and an option to purchase 111,136 shares of Class A common stock, which is immediately exercisable by Mr. Zevnik. Mr. Zevnik has shared voting power in The Zevnik Charitable Foundation.

- (11) Consists of 800,666 shares held by The Paul A. Zevnik Irrevocable Trust of 1996, 1,282,321 shares held by The Zevnik Family L.P.C. and 2,616,816 shares held by Mr. Zevnik personally, and also includes 29,014 shares of Class B common stock, which are subject to a right of Entravision to repurchase such shares under certain conditions.
- (12) Consists of 451 shares held by Mr. Liberman, personally, and an option to purchase 30,000 shares of Class A common stock, which is immediately exercisable by Mr. Liberman.
- (13) Consists of 285,654 shares held by Mr. Emanuel, personally, and an option to purchase 30,000 shares of Class A common stock, which is immediately exercisable by Mr. Emanuel.
- (14) Mr. Hobson is an executive officer of Univision.
- (15) Consists of 150,000 shares held by Crescent Capital Holdings II, LLC and an option to purchase 61,136 shares of class A common stock, which is immediately exercisable by Mr. Hobson.
- (16) Mr. Wortsman is an executive officer of an affiliate of Univision.
- (17) Consists of 25,000 shares held by Mr. Wortsman and an option to purchase 31,136 shares of Class A common stock, which is immediately exercisable by Mr. Wortsman.
- (18) Consists of 9,364,505 shares held by TSG Capital Group (see footnote 4 above), excluding 122,341 shares held by TSG Ventures, L.P., and an option to purchase 21,136 shares of Class A common stock, which is immediately exercisable by Mr. Thompson. Mr. Thompson is a principal in each of the TSG Capital Group entities, except for TSG Ventures, L.P. Mr. Thompson may be deemed to exercise voting and investment power over such shares. Mr. Thompson disclaims beneficial ownership of such shares, except to the extent of his proportionate interest therein.
- (19) Consists of 1,021,731 shares held by Bustos Asset Management, L.L.C. and an option to purchase 28,553 shares of Class A common stock, which is immediately exercisable by Mr. Bustos.
- (20) Consists of 76,500 shares held by LJ Holdings, L.L.C. and an option to purchase 20,861 shares of Class A common stock, which is immediately exercisable by Mr. Rosen.
- (21) Consists of an option to purchase 20,861 shares of class A common stock, which is immediately exercisable by Mr. Torres.

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## SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The following table sets forth Certain information regarding the compensation earned during the last three fiscal years by the Named Executive Officers:

summary Compensation Table

<TABLE>  
<CAPTION>

Name and Principal Position	Year	Annual Compensation(1)		Long-Term Compensation	
		Salary	Bonus	Securities Underlying Options	All Other Compensation
<S>	<C>	<C>	<C>	<C>	<C>
Walter F. Ulloa.....	2001	\$620,833(2)	\$833,260(3)	--	--
Chairman and Chief Executive Officer	2000	\$460,000(4)	\$573,263(5)	500,000	\$1,439,900(6)
	1999	\$360,000	\$429,938(7)	--	--
Philip C. Wilkinson.....	2001	\$620,833(2)	\$833,260(3)	--	--
President and Chief Operating Officer	2000	\$460,000(4)	\$573,263(5)	500,000	\$1,439,900(6)
	1999	\$360,000	\$429,938(7)	--	--
Jeanette Tully.....	2001	\$343,125(8)	\$150,000(3)	100,000(9)	--
Chief Financial Officer	2000	\$225,000	--	150,000(9)	\$3,489,318(6)
	1999	\$225,000	--	--	--
Jeffery A. Liberman(10).....	2001	\$275,000	\$112,500(3)	--	--
President, Radio Division	2000	\$246,154	\$40,000(5)	150,000	--
	1999	\$157,900	\$146,250(2)	--	--
Glenn Emanuel.....	2001	\$225,000	\$75,000(3)	--	--
President, Outdoor Division	2000	\$225,000	\$75,000(3)	150,000	--
	1999	\$225,000	\$75,000(7)	--	--

&lt;/TABLE&gt;

(1) Excludes perquisites and other personal benefits, securities or property