EXHIBIT 1
DECLARATION

August 28, 2002

I, Efrain Gonzalez, Jr., a resident of the Bronx, New York, hereby declare under penalty of perjury as follows:

I am a resident of New York City, and such, reside within the service area of Station WADO (AM), which is licensed by the Federal Communications Commission to WADO-AM License Corporation and to which I regularly listen. I am a New York State Senator and President of the National Hispanic Policy Institute, Incorporated, an organization created to address issues that relate to the Hispanic American population and to devise policy to advance the interests of that population.

I have reviewed the foregoing Petition to Deny the applications proposing the consent to the transfer of control from the shareholders of Hispanic Broadcasting Corporation to Univision Communications, Inc. The Institute and I believe that the proposed merger should be disapproved by the FCC. Hispanic Broadcasting Corporation has never been candid with the FCC in that it has failed to disclose its full relationship with Clear Channel Communications, Inc. The FCC must know all of the facts about this relationship before it is able to resolve the questions raised by the proposed transaction. Ultimately, the Institute and I believe that the proposed merger will prove anti-competitive to other Spanish-language radio stations nationally.

Respectfully submitted,

Efrain Gonzalez, Jr.
EXHIBIT 2
ENTRAVISION COMMUNICATIONS CORP filed this 10-K on 03/26/2002.

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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)

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:

<table>
<thead>
<tr>
<th>Title of each class</th>
<th>Name of each exchange on which registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Common Stock</td>
<td>New York Stock Exchange</td>
</tr>
</tbody>
</table>

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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ENTRAVISION COMMUNICATIONS CORPORATION
FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
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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.

Our outdoor advertising operations consist of approximately 11,200 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, Telefutura, 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 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.

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**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 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 predominately 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 Tijuana/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:

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<th>Market</th>
<th>Market Rank (by Hispanic Households)</th>
<th>Total Households</th>
<th>Hispanic Households</th>
<th>% Hispanic Households</th>
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<th>Programs</th>
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<td>KNTL-LP, Channel 47</td>
<td>Univision</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KWWB-LP, Channel 45</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Telefutur</td>
<td></td>
</tr>
<tr>
<td>Corpus Christi, Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KORO-TV, Channel 28</td>
<td>Univision</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KCRP-CA, Channel 41 (1)</td>
<td>Univision</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Telefutur</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>Code</td>
<td>Population</td>
<td>Households</td>
<td>Pct</td>
<td>Station</td>
<td>Network</td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>------------</td>
<td>------------</td>
<td>------</td>
<td>---------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Monterey</td>
<td>28</td>
<td>229,450</td>
<td>88,030</td>
<td>29.6%</td>
<td>KSMS-TV, Channel 67</td>
<td>Univision</td>
</tr>
<tr>
<td>Hartford</td>
<td>29</td>
<td>953,130</td>
<td>66,790</td>
<td>7.0%</td>
<td>WUVTN-TV, Channel 18, WUTH-TV, Channel 47 (4)</td>
<td>Univision, Telefutura</td>
</tr>
<tr>
<td>Laredo, Texas</td>
<td>34</td>
<td>56,080</td>
<td>30,810</td>
<td>90.6%</td>
<td>KLDO-TV, Channel 27</td>
<td>Univision</td>
</tr>
<tr>
<td>Yuma, Arizona</td>
<td>35</td>
<td>95,750</td>
<td>47,640</td>
<td>49.7%</td>
<td>KVYE-TV, Channel 7</td>
<td>Univision</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>37</td>
<td>305,730</td>
<td>46,010</td>
<td>15.0%</td>
<td>KGHB-CA, Channel 27 (1)</td>
<td>Univision</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>39</td>
<td>225,260</td>
<td>43,660</td>
<td>19.4%</td>
<td>KPMR-TV, Channel 38</td>
<td>Univision</td>
</tr>
<tr>
<td>Odessa</td>
<td>40</td>
<td>132,960</td>
<td>43,190</td>
<td>32.5%</td>
<td>KUPB-TV, Channel 18</td>
<td>Univision</td>
</tr>
<tr>
<td>Palm Springs, California</td>
<td>42</td>
<td>119,060</td>
<td>38,910</td>
<td>32.7%</td>
<td>KVER-CA, Channel 4 (1), KEVC-CA, Channel 5 (1), KVES-LP, Channel 28</td>
<td>Univision, Telefutura, Univision</td>
</tr>
<tr>
<td>Lubbock, Texas</td>
<td>45</td>
<td>144,750</td>
<td>37,750</td>
<td>26.1%</td>
<td>KBZO-LP, Channel 51</td>
<td>Univision</td>
</tr>
<tr>
<td>Amarillo, Texas</td>
<td>46</td>
<td>191,940</td>
<td>37,430</td>
<td>19.5%</td>
<td>KEAT-LP, Channel 22</td>
<td>Univision</td>
</tr>
<tr>
<td>Reno, Nevada</td>
<td>56</td>
<td>239,840</td>
<td>27,780</td>
<td>11.6%</td>
<td>KNVV-LP, Channel 41, KNCV-LP, Channel 48</td>
<td>Univision, Univision</td>
</tr>
<tr>
<td>San Angelo, Texas</td>
<td>80</td>
<td>50,640</td>
<td>12,750</td>
<td>25.2%</td>
<td>KEUS-LP, Channel 31</td>
<td>Univision</td>
</tr>
<tr>
<td>Tijuana, Baja California, Mexico</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>XUPN-TV, Channel 49 (5)</td>
<td>UPN</td>
</tr>
</tbody>
</table>
The completion of a program's viewers (primarily age and gender).

People are more likely to watch television if they have an interest in a specific topic.

People in the viewing area.

We determine our revenue primarily from selling advertising time. The relative advertising rates charged by competing television networks.

Television marketplace.

Network.

Local television advertising revenue.

Local advertising revenue is generated from commercial stations and is directly by the station to an -

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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 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
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:

<table>
<thead>
<tr>
<th>Market</th>
<th>Station</th>
<th>Frequency</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MHz</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, California</td>
<td>1</td>
<td>103.1</td>
<td>Super Estrella(1)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>103.1</td>
<td>Super Estrella(1)</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>97.5</td>
<td>Super Estrella(1)</td>
</tr>
<tr>
<td>Miami- Ft. Lauderdale</td>
<td>4</td>
<td>1320</td>
<td>Time Brokered(2)</td>
</tr>
<tr>
<td>Hollywood, Florida</td>
<td>5</td>
<td>1180</td>
<td>Time Brokered(2)</td>
</tr>
<tr>
<td>Houston-Galveston, TX</td>
<td>6</td>
<td>99.9</td>
<td>Super Estrella(1)</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>103.9</td>
<td>Super Estrella(1)</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>750</td>
<td>Time Brokered(2)</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>9</td>
<td>106.9</td>
<td>Super Estrella(1)(3)</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>107.1</td>
<td>Super Estrella(1)(3)</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>101.7</td>
<td>Radio Tricolor(1)</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>1600</td>
<td>Radio Romantica</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>106.5</td>
<td>Time Brokered(2)</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>1540</td>
<td>Radio Tricolor(1)</td>
</tr>
</tbody>
</table>

http://ccbn.tenkwizard.com/print.php?repo=tenk&ipage=1688328&doc=1&attach=&num=&... 8/15/02
<table>
<thead>
<tr>
<th>City</th>
<th>Station</th>
<th>Frequency</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>McAllen, Texas</td>
<td>KFRQ-FM</td>
<td>94.5 MHz</td>
<td>Classic Rock (English)</td>
</tr>
<tr>
<td></td>
<td>KKPS-FM</td>
<td>99.5 MHz</td>
<td>Tejano</td>
</tr>
<tr>
<td></td>
<td>KVLY-FM</td>
<td>107.9 MHz</td>
<td>Adult Contemporary (Eng)</td>
</tr>
<tr>
<td></td>
<td>KVPA-FM</td>
<td>101.1 MHz</td>
<td>Top 40 (English)</td>
</tr>
<tr>
<td>Albuquerque, New Mexico</td>
<td>KRZY-FM</td>
<td>105.9 MHz</td>
<td>Radio Romantica</td>
</tr>
<tr>
<td></td>
<td>KRZY-AM</td>
<td>1450 kHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td>Denver-Boulder, Colorado</td>
<td>KJMN-FM</td>
<td>92.1 MHz</td>
<td>Radio Romantica</td>
</tr>
<tr>
<td></td>
<td>KMXA-AM</td>
<td>1090 kHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td></td>
<td>KPVW-FM</td>
<td>107.1 MHz</td>
<td>Country (English)</td>
</tr>
<tr>
<td>Fresno, California</td>
<td>KZFO-FM</td>
<td>92.1 MHz</td>
<td>Super Estrella</td>
</tr>
<tr>
<td>Sacramento, California</td>
<td>KRRE-FM</td>
<td>104.3 MHz</td>
<td>Radio Romantica</td>
</tr>
<tr>
<td></td>
<td>KRCK-FM</td>
<td>99.9 MHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td></td>
<td>KCCL-FM</td>
<td>101.9 MHz</td>
<td>Oldies (English)</td>
</tr>
<tr>
<td>Stockton, California</td>
<td>KMDX-FM</td>
<td>100.9 MHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td></td>
<td>KCVR-AM</td>
<td>1570 kHz</td>
<td>Radio Romantica(1)</td>
</tr>
<tr>
<td>Mordego, California</td>
<td>KCVR-FM</td>
<td>98.9 MHz</td>
<td>Radio Romantica(1)</td>
</tr>
<tr>
<td></td>
<td>KTSE-FM</td>
<td>97.1 MHz</td>
<td>Super Estrella</td>
</tr>
<tr>
<td>El Paso, Texas</td>
<td>KINT-FM</td>
<td>93.9 MHz</td>
<td>La Caliente (Top 40)</td>
</tr>
<tr>
<td></td>
<td>KHRG-FM</td>
<td>94.7 MHz</td>
<td>80's (English)</td>
</tr>
<tr>
<td></td>
<td>KOPX-FM</td>
<td>92.3 MHz</td>
<td>Oldies (English)</td>
</tr>
<tr>
<td></td>
<td>KSVE-AM</td>
<td>1150 kHz</td>
<td>Radio Unica</td>
</tr>
<tr>
<td></td>
<td>KBIV-AM</td>
<td>1650 kHz</td>
<td>(4)</td>
</tr>
<tr>
<td>Las Vegas, Nevada</td>
<td>KRRN-FM</td>
<td>105.1 MHz</td>
<td>Super Estrella</td>
</tr>
<tr>
<td>Tucson/Nogales, Arizona</td>
<td>KZLZ-FM</td>
<td>105.3 MHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td></td>
<td>KZNO-FM</td>
<td>98.3 MHz</td>
<td>Radio Tricolor(3)</td>
</tr>
<tr>
<td>Monterey</td>
<td>KLOK-FM</td>
<td>99.5 MHz</td>
<td>Radio Tricolor</td>
</tr>
<tr>
<td></td>
<td>KSES-FM</td>
<td>107.1 MHz</td>
<td>Super Estrella</td>
</tr>
<tr>
<td></td>
<td>KMBX-AM</td>
<td>700 kHz</td>
<td>Oldies (Spanish)</td>
</tr>
</tbody>
</table>
Radio Advertising

The table below shows the advertising market share of major radio stations in the selected cities and regions.

<table>
<thead>
<tr>
<th>Station</th>
<th>City</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>KGO-AM</td>
<td>San Francisco</td>
<td>16%</td>
</tr>
<tr>
<td>KYL-FM</td>
<td>Los Angeles</td>
<td>20%</td>
</tr>
<tr>
<td>KMEX-FM</td>
<td>Tucson</td>
<td>15%</td>
</tr>
<tr>
<td>KFVO-FM</td>
<td>Miami</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: The table includes the top three stations in each city.

The total advertising market in the selected cities is $1.2 billion, with the following breakdown:

- San Francisco: $300 million
- Los Angeles: $250 million
- Tucson: $200 million
- Miami: $150 million

The data was collected from the latest Nielsen ratings and is subject to change.
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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**Radio Marketing/Audience Research**

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

- the station's ability to attract listeners in a given market;
- the demand for available air time;
- the attractiveness of the demographic qualities of the listeners (primarily age and purchasing power);
- the time of day that the advertising runs;
- the program's popularity with listeners; and
- the availability of alternative media in the market.

In the smaller and mid-sized markets, Spanish-language radio continues to be more of a concept sale. Arbitron provides advertisers with the industry-accepted measure of listening audience classified by demographic segment and time of day that the listeners spend on particular radio stations. Radio advertising rates generally are highest during the morning and afternoon drive-time hours which are the peak times for radio audience listening.

We believe that having multiple stations in a market is desirable to enable us to provide alternatives and to command higher advertising rates and budget share. Historically, advertising rates for Spanish-language radio stations have been lower than those of English-language stations with similar audience levels. We believe that we will be able to increase our rates as new and existing advertisers recognize the growing desirability of targeting the Hispanic population in the U.S.

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

**Radio Competition**

Radio broadcasting is a highly competitive business. The financial success of each of our radio stations and markets depends in large part on our audience ratings, our ability to increase our market share of the overall radio advertising revenue and the economic health of the market. In addition, our advertising revenue depends upon the desire of advertisers to reach our audience demographic. Each of our radio stations competes for audience share and advertising revenue directly with both Spanish-language and English-language radio stations in its market, and with other media within their respective markets, such as newspapers, broadcast and cable television, magazines, billboard advertising, transit advertising and direct mail advertising. Our primary competitors in our markets in Spanish-language radio are Hispanic Broadcasting Corporation, Spanish Broadcasting System, Inc. and Radio Unica Communications Corp. Several of the companies with which we
compete are large national or regional companies that have significantly greater resources and longer operating histories than we do.

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

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

- audio programming by cable television systems, direct broadcast satellite systems, Internet content providers and other digital audio broadcast formats;

<table>
<thead>
<tr>
<th>Table of Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>• satellite digital audio service, which has resulted in the introduction of new satellite radio services with sound quality comparable to that of compact disks; and</td>
</tr>
<tr>
<td>• In-Band On-Channel™ digital radio, which could provide multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services.</td>
</tr>
</tbody>
</table>

**Outdoor Advertising**

Our outdoor advertising operations complement our television and radio businesses and allow for cross-promotional opportunities. Because of its repetitive impact and relatively low cost, outdoor advertising attracts national, regional and local advertisers. We offer the ability to target specific demographic groups on a cost-effective basis as compared to other advertising media. In addition, we provide businesses with advertising opportunities in locations near their stores or outlets.

Our outdoor portfolio adds to our television and radio reach by providing local advertisers with significant coverage of the Hispanic communities in Los Angeles, New York and Fresno. Our outdoor advertising strategy is designed to complement our existing television and radio businesses by allowing us to capitalize on our Hispanic market expertise. The primary components of our strategy are to leverage the strengths of our inventory, continue to focus on ethnic communities and increase market penetration.

**Outdoor Advertising Markets**

We own and operate approximately 11,200 outdoor advertising faces located primarily in high density Hispanic communities in Los Angeles and New York, the two largest Hispanic markets in the U.S. We also maintain the exclusive rights to market advertising on public buses in Fresno, California. We believe that our outdoor advertising appeals to both large and small businesses.

*Los Angeles.* The greater Los Angeles market has a population of approximately 15.5 million, of which 6.2 million or 40% are Hispanic. As such, Los Angeles ranks as the largest Hispanic advertising market in the U.S. Substantially all of our billboard inventory in Los Angeles is located in neighborhoods where Hispanics represent a significant percentage of the local population. We believe that this coverage of the Hispanic population will continue to increase as the Hispanic community continues to grow. The greater Los Angeles metropolitan area has miles of freeways and surface streets where the average commuter spends approximately 84 minutes per day in the car.

*New York.* The greater New York City area has a population of approximately 19.3 million, of which approximately 3.6 million or 19% are Hispanic. As such, New York ranks as the second largest Hispanic advertising market in the U.S. We have consolidated substantially all of the 8-sheet and 30-sheet outdoor advertising faces in New York.

**Outdoor Advertising Inventory**

<table>
<thead>
<tr>
<th>Inventory Type</th>
<th>Los Angeles</th>
<th>New York</th>
</tr>
</thead>
</table>

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Our inventory consists of the following types of advertising faces that are typically located on sites that we have leased or have a permanent easement:

**8-sheet posters** are generally 6 feet high by 12 feet wide. Due to the smaller size of this type of billboard, 8-sheet posters are often located in densely populated or fast growing areas where larger signs do not fit or are not permitted, such as parking lots and other tight areas. Accordingly, most of our 8-sheet posters are concentrated on city streets, targeting both pedestrian and vehicular traffic and are sold to advertisers for periods of four weeks.

**30-sheet posters** are generally 12 feet high by 25 feet wide and are the most common type of billboard. Lithographed or silk-screened paper sheets, supplied by the advertiser, are pre-pasted and packaged in airtight bags by the outdoor advertising company and applied, like wallpaper, to the face of the display. The 30-sheet posters are concentrated on major traffic arteries and space is usually sold to advertisers for periods of four weeks.

**City-Lights** is a product we created in 1998 to serve national advertisers with a new advertising format visible both during the day and night. The format is typically used by national fashion, entertainment and consumer products companies desiring to target consumers within proximity of local malls or retail outlets. A City-Lights structure is approximately 7 feet by 10 feet set vertically on a single pole structure. The advertisement is usually housed in an illuminated glass casing for greater visibility at night and is sold to advertisers for a period of four weeks.

**Wall-Scapes** generally consist of advertisements ranging in a variety of sizes (from 120 to 800 square feet) which are displayed on the sides of buildings in densely populated locations. Advertising formats can include either vinyl prints or painted artwork. Because of a Wall-Scape’s greater impact and higher cost relative to other types of billboards, space is usually sold to advertisers for periods of six to 12 months.

**Bulletins** are generally 14 feet high and 48 feet wide and consist of panels or a single sheet of vinyl that are hand painted at the facilities of the outdoor advertising company or computer painted in accordance with design specifications supplied by the advertiser and mounted to the face of the display. Because of painted bulletins greater impact and higher cost relative to other types of billboards, they are usually located near major highways and are sold for periods of six to 12 months.

**Transit Advertising** is our newest form of outdoor advertising inventory and consists of advertising panels placed directly on public city buses. We market this type of advertising product only in Fresno, California, where we maintain exclusive rights through a three year franchise arrangement to sell advertising space on all of Fresno’s 107 public buses until January 3, 2004.

**Significant Acquisitions**

*Acquisition of Z-Spanish Media Outdoor Advertising Assets.* Through our acquisition of Z-Spanish Media, we acquire approximately 10,000 outdoor advertising assets located primarily in high-density Hispanic communities in New York City and Los Angeles.

*Acquisition of Infinity Broadcasting Outdoor Advertising Assets.* On October 2, 2000, we acquired certain outdoor advertising assets located primarily in high-density Hispanic communities in New York City from Infinity Broadcasting Corporation, or Infinity, for approximately $168 million.
Outdoor Advertising Revenue

Advertisers usually contract for outdoor displays through advertising agencies, which are responsible for the artistic design and written content of the advertising. Advertising contracts are negotiated on the basis of monthly rates published in our "rate card." These rates are based on a particular display’s exposure (or number of “impressions” delivered) in relation to the demographics of the particular market and its location within that market. The number of “impressions” delivered by a display (measured by the number of vehicles passing the site during a defined period and weighted to give effect to such factors as its proximity to other displays and the speed and viewing angle of approaching traffic) is determined by surveys that are verified by the Traffic Audit Bureau, an independent agency which is the outdoor advertising industry’s equivalent of television’s Nielsen ratings and radio’s Arbitron ratings.

In each of our markets, we employ salespeople who sell both local and national advertising. Our 2001 outdoor advertising revenue mix consisted of approximately 74 national advertisers and 26% local advertisers. We believe that our local sales force is crucial to maintaining relationships with key advertisers and agencies and identifying new advertisers.

Outdoor Advertising Competition

We compete in each of our outdoor markets with other outdoor advertisers including Infinity, Clear Channel, ArtKraft Strauss, Medallion Financial Corp. and Regency Outdoor Advertising. Many of these competitors have a larger national network and may have greater total resources than we have. In addition, we also compete with a wide variety of out-of-home media, including advertising in shopping centers, airports, stadiums, movie theaters and supermarkets, as well as on taxis, trains and buses. In competing with other media, outdoor advertising relies on its relative cost efficiency and its ability to reach a segment of the population with a particular set of demographic characteristics within that market.

Publishing

In connection with our acquisition of LCG in April 2000, we acquired El Diario/la Prensa, the oldest major Spanish-language daily newspaper in the U.S. and one of only two Spanish-language daily newspapers in New York. The newspaper reports news of interest to the Hispanic community, focusing primarily on local news events and daily occurrences in Latin America. El Diario/la Prensa has a daily paid circulation of approximately 57,000 as of September 23, 2001, up from approximately 55,000 as of September 24, 2000.

The majority of El Diario/la Prensa’s revenue comes from circulation sales and the sale of local, national and classified advertising. Our top ten newspaper advertisers by dollar volume accounted for 9.2% of El Diario/la Prensa’s total advertising revenue in 2001. Circulation revenue comes almost exclusively from sales at newsstands and retail outlets, rather than mail subscriptions.

Our primary Spanish-language publishing competitor is a publication called Hoy. Our publishing operation also competes with English-language newspapers and other types of advertising media, many of which reach larger audiences and have greater total resources than we have.

Most of our publishing employees are represented by the Newspaper and Mail Deliverers’ Union of New York and Vicinity and the Newspaper Guild of New York. Our collective bargaining agreement with the Newspaper Guild of New York expires on June 30, 2002 and our agreement with the Newspaper and Mail Deliverers’ Union of New York and Vicinity expires on March 30, 2004.

Material Trademarks, Trade Names and Service Marks

In the course of our business, we use various trademarks, trade names and service marks, including our logos, in our advertising and promotions. We believe that the strength of our trademarks, trade names and service marks are important to our business and intend to protect and promote them as appropriate. We do not hold or depend upon any material patent, government license, franchise or concession, except our broadcast licenses granted by the Federal Communications Commission (“FCC”).
Act requires states to restrict billboards on such highways to commercial and industrial areas and imposes certain additional size, spacing and other limitations. All states have passed state billboard control statutes and regulations at least as restrictive as the federal requirements, including removal of any illegal signs on such highways at the owner’s expense and without compensation. We believe that the number of our billboards that may be subject to removal as illegal is immaterial. No state in which we operate has banned billboards, but some have adopted standards more restrictive than the federal requirements. Municipal and county governments generally also have sign controls as part of their zoning laws. Some local governments prohibit construction of new billboards and some allow new construction only to replace existing structures, although most allow construction of billboards subject to restrictions on zones, size, spacing and height.

Federal law does not require the removal of existing lawful billboards, but does require payment of compensation if a state or political subdivision compels the removal of a lawful billboard along a federally aided primary or interstate highway. State governments have purchased and removed legal billboards for beautification in the past, using federal funding for transportation enhancement programs, and may do so in the future. Governmental authorities from time to time use the power of eminent domain to remove billboards. Thus far, we have been able to obtain satisfactory compensation for any of our billboards purchased or removed as a result of governmental action, although there is no assurance that this will continue to be the case in the future. Local governments do not generally purchase billboards for beautification, but some have attempted to force the removal of legal but nonconforming billboards (billboards which conformed with applicable zoning regulations when built but which do not conform to current zoning regulations) after a period of years under a concept called “amortization,” by which the governmental body asserts that just compensation is earned by continued operation over time. Although there is some question as to the legality of amortization under federal and many state laws, amortization has been upheld in some instances. We generally have been successful in negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit our ability to rebuild or replace nonconforming billboards. In addition, we are unable to predict what additional regulations may be imposed on outdoor advertising in the future. The outdoor advertising industry is heavily regulated and at various times and in various markets can be expected to be subject to varying degrees of regulatory pressure affecting the operation of advertising displays.

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Under the terms of a settlement agreement among U.S. tobacco companies and 46 states, tobacco companies discontinued all advertising on billboards and buses in the 46 participating states as of April 23, 1999. The remaining four states had already reached separate settlements with the tobacco industry. We removed all tobacco billboards and advertising in these states in compliance with the settlement deadlines.

In addition to the above settlement agreements, state and local governments are also considering regulating the outdoor advertising of alcohol products. Alcohol-related advertising represented approximately 8% of the total revenue of our outdoor billboard business in 2001. As a matter of both company policy and industry practice (on a voluntary basis), we do not post any alcohol advertisements within a 500 square foot radius of any school, church or hospital. Any significant reduction in alcohol-related advertising due to content-related restrictions could cause a reduction in our direct revenue from such advertisements and a simultaneous increase in the available space on the existing inventory of billboards in the outdoor advertising industry.

Seasonality

Seasonal net broadcast revenue fluctuations are common in the television and radio broadcasting industry and are due primarily to fluctuations in advertising expenditures by local and national advertisers. Our first fiscal quarter generally produces the lowest net broadcast revenue for the year.

Risk Factors

Risks Related To Our Business

We have a history of losses that if continued into the future could adversely affect the market price of our securities and our ability to raise capital.

We had net losses of approximately $40 million, $92.2 million and $65.8 million for the years ended December 31, 1999, 2000 and 2001, respectively. In addition, we had pro forma net losses of $37.6 million and $86.3 million for the years ended December 31, 1999 and 2000, respectively, and net losses applicable to common stock of $94.7 million and $75.9...
million for the years ended December 31, 2000 and 2001, respectively. We believe that losses may continue while we pursue our acquisition strategy. If we cannot generate profits in the future, it could adversely affect the market price of our securities, which in turn could adversely affect our ability to raise additional equity capital or to incur additional debt.

**Cancellations or reductions of advertising could adversely affect our results of operations.**

In the competitive broadcasting industry, the success of each of our television and radio stations is primarily dependent upon its share of the overall advertising revenue within its market. Although we believe that each of our stations can compete effectively in its broadcast area, we cannot be sure that any of our stations can maintain or increase its current audience ratings or market share, or that advertisers will not decrease the amount they spend on advertising.

Our advertising revenue may suffer if any of our stations cannot maintain its audience ratings or market share. Shifts in population, demographics, audience tastes and other factors beyond our control could cause us to lose market share. Our stations also compete for audiences and advertising revenue directly with other television and radio stations, and some of the owners of those competing stations have greater resources than we do. If a competing station converts to a format similar to that of one of our stations, or if one of our competitors strengthens its operations, our stations could suffer a reduction in ratings and advertising revenue.

Additionally, we believe that advertising is a discretionary business expense, meaning that spending on advertising may decline during an economic recession or downturn. Consequently, a recession or downturn in the

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U.S. economy or the economy of an individual geographic market in which we own or operate stations could adversely affect our advertising revenue and, therefore, our results of operations.

We do not obtain long-term commitments from our advertisers, and advertisers may cancel, reduce or postpone orders without penalty. Cancellations, reductions or delays in purchases of advertising could adversely affect our revenue, especially if we are unable to replace such purchases. Our expense levels are based, in part, on expected future revenue and are relatively fixed once set. Therefore, unforeseen fluctuations in advertising sales could adversely impact our operating results.

**Our growth depends on successfully executing our acquisition strategy.**

One of our strategies is to supplement our internal growth by acquiring media properties that complement or augment our existing markets. This growth has placed, and may continue to place, significant demands on our management, working capital and financial resources. We may be unable to identify or complete acquisitions for many reasons, including:

- competition among buyers;
- the need for regulatory approvals, including FCC and antitrust approvals;
- the high valuations of media properties; and
- we may be required to raise additional financing and our ability to do so is limited by the terms of our debt instruments, which may prevent future acquisitions and have a material adverse effect on our ability to grow through acquisitions.

In addition, we experienced significant growth during 2001, primarily due to our acquisitions. Therefore, we do not expect to experience the same rate of growth in 2002.

**If we cannot successfully integrate our recent and future acquisitions, it could decrease our revenue and/or increase our costs.**

To integrate our recent and future acquisitions, we may need to:

- integrate and improve operations and systems and the management of a station or group of stations;
- retain key management and personnel of acquired properties;
• successfully merge corporate cultures and business processes;
• realize sales efficiencies and cost reduction benefits; and
• operate successfully in markets in which we may have little or no prior experience.

Future acquisitions by us could result in the following consequences:
• dilutive issuances of equity securities;
• incurrence of debt and contingent liabilities;
• impairment of goodwill and other intangibles;
• other acquisition-related expenses; and
• acquired stations may not increase our broadcast cash flow or yield other anticipated benefits.

In addition, after we have completed an acquisition, our management must be able to assume significantly greater responsibilities, and this in turn may cause them to divert their attention from our existing operations. We

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believe that these challenges are more pronounced when we enter new markets rather than expand further in existing markets. If we are unable to completely integrate into our business the operations of the properties that we have recently acquired or that we may acquire in the future, our revenue could decrease and/or our costs could increase. In addition, in the event that the operations of a new station do not meet our expectations, we may restructure or write-off the value of some portion of the assets of the new station.

If we cannot raise required capital, we may have to curtail existing operations and our future growth through acquisitions.

We may require significant additional capital for future acquisitions and general working capital needs. If our cash flow and existing working capital are not sufficient to fund future acquisitions and our general working capital requirements and debt service, we will have to raise additional funds by selling equity, refinancing some or all of our existing debt or selling assets or subsidiaries. None of these alternatives for raising additional funds may be available on acceptable terms to us or in amounts sufficient for us to meet our requirements. Our failure to obtain any required new financing may prevent future acquisitions and have a material adverse effect on our ability to grow through acquisitions.

Our substantial level of debt could limit our ability to grow and compete.

As of December 31, 2001, we had approximately $214.0 million of debt outstanding under our bank credit facility. Additionally, on March 18, 2002, we issued the Notes, the proceeds of which were used to repay all of our outstanding debt under our bank credit facility and for general corporate purposes. We expect to obtain a portion of our required capital through debt financing that bears or is likely to bear interest at a variable rate, subjecting us to interest rate risk. A significant portion of our cash flow from operations will be dedicated to servicing our debt obligations and our ability to obtain additional financing may be limited.

We may not have sufficient future cash flow to meet our debt payments, or we may not be able to refinance any of our debt at maturity. We have pledged substantially all of our assets to our lenders as collateral. Our lenders could proceed against the collateral granted to them to repay outstanding indebtedness if we are unable to meet our debt service obligations. If the amounts outstanding under our bank credit facility are accelerated, our assets may not be sufficient to repay in full the money owed to such lenders.

Our substantial indebtedness could adversely affect our financial position and prevent us from fulfilling our obligation: under our bank credit facility and the Notes.

Our substantial indebtedness could have important consequences to our business. For example, it could:
• limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy or other purposes;

• require us to dedicate a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;

• limit our flexibility in planning for and reacting to changes in our business and our industry that could make us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and

• place us at a disadvantage compared to our competitors that have less debt.

Any of the above listed factors could materially adversely affect us.

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To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to pay the principal of and interest on the Notes, to service our other debt and to finance indebtedness when necessary depends on our financial and operating performance, each of which is subject to prevailing economic conditions and to financial, business, legislative and regulatory factors and other factors beyond our control.

There can be no assurance that we will generate sufficient cash flow from operations or that we will be able to obtain sufficient funding to satisfy all of our obligations, including the Notes. If we are unable to pay our debts, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. In addition, the ability to borrow funds under our bank credit facility in the future will depend on our meeting the financial covenants in the agreements governing this facility, including a minimum interest coverage test and a maximum leverage ratio test. There can be no assurance that our business will generate cash flow from operations or that future borrowings will be available to us under our bank credit facility, in an amount sufficient to enable us to pay our debt or to fund other liquidity needs. As a result, we may need to refinance all or a portion of our debt on or before maturity. However, there can be no assurance that any alternative strategies will be feasible at the time or prove adequate. Also, some alternative strategies will require the consent of our lenders before we engage in those strategies.

The indenture for the Notes and the credit agreement governing our bank credit facility contain various covenants that limit our management’s discretion in the operations of our business.

The indenture governing the Notes and the credit agreement governing our bank credit facility contain various provisions that limit our ability to:

• incur additional debt and issue preferred stock;

• pay dividends and make other distributions;

• make investments and other restricted payments;

• create liens;

• sell assets; and

• enter into certain transactions with affiliates.

These restrictions on our management’s ability to operate our business in accordance with its discretion could have a material adverse effect on our business.

In addition, our bank credit facility requires that we maintain specific financial ratios. Events beyond our control could affect our ability to meet those financial ratios, and there can be no assurance that we will meet them.
If we default under any financing agreements, our lenders could:

- elect to declare all amounts borrowed to be immediately due and payable, together with accrued and unpaid interest;
- and/or
- terminate their commitments, if any, to make further extensions of credit.

Our bank facility and the indenture under which we issued the Notes also require us to maintain specific financial ratios. A breach of any of the covenants contained in our bank credit facility or the indenture could allow our lenders to declare all amounts outstanding to be immediately due and payable.

If we are unable to pay our obligations to our senior secured lenders, they could proceed against any or all of the collateral securing our indebtedness to them. The collateral under our bank credit facility consists of substantially all of our existing assets. In addition, a breach of certain of these restrictions or covenants, or an acceleration by our senior secured lenders of our obligations to them, would cause a default under the Notes. We may not have, or be able to obtain, sufficient funds to make accelerated payments, including payments on the Notes, or to repay the Notes in full after we pay our senior secured lenders to the extent of their collateral.

**Univision has significant influence over our business.**

Univision, as the holder of all of our Class C common stock, has significant influence over material decisions relating to our business, including the right to elect two of our directors, and the right to approve material decisions involving our company, including any merger, consolidation or other business combination, any dissolution of our company and any transfer of the FCC licenses for any of our Univision-affiliated television stations. Univision's ownership interest may have the effect of delaying, deterring or preventing a change in control of our company and may make some transactions more difficult or impossible to complete without its support.

**Our television ratings and revenue could decline significantly if our relationship with Univision or if Univision’s success changes in an adverse manner.**

If our relationship with Univision changes in an adverse manner, or if Univision’s success diminishes, it could have a material adverse effect on our ability to generate television advertising revenue on which our television business depends. Univision’s ratings might decline or Univision might not continue to provide programming, marketing, available advertising time and other support to its affiliates on the same basis as currently provided. Additionally, by aligning ourselves closely with Univision, we might forego other opportunities that could diversify our television programming and avoid dependence on Univision’s television networks. Univision’s relationships with Grupo Televisa, S.A. de C.V. and Corporacion Venezolana de Television, C.A., or Venevision, are important to Univision’s, and consequently our, continued success.

**Our ongoing success is dependent upon the continued availability of certain key employees.**

We are dependent in our operations on the continued availability of the services of our employees, many of whom are individually key to our current and future success, and the availability of new employees to implement our company’s growth plans. In particular, we are dependent upon the services of Walter Ulloa, our Chairman and Chief Executive Officer, and Philip Wilkinson, our President and Chief Operating Officer. In August 2000, we entered into five-year employment agreements with Messrs. Ulloa and Wilkinson. The market for skilled employees is highly competitive, especially for employees in technical fields. While our compensation programs are intended to attract and retain the employees required for us to be successful, there can be no assurance that we will be able to retain the services of all of our key employees or a sufficient number to execute our plans, nor can there be any assurances that we will be able to continue to attract new employees as required.

**Our officers and directors and stockholders affiliated with them own a large percentage of our voting stock.**

As of December 31, 2001, Messrs. Ulloa and Wilkinson, and Paul Zevnik, our Secretary, own all of the shares of our Class B common stock, and have approximately 75% of the combined voting power of our outstanding shares of common stock. The holders of our Class B common stock are entitled to ten votes per share on any matter subject to a vote of the stockholders. Accordingly, Messrs. Ulloa, Wilkinson and Zevnik have the ability to elect each of the remaining members of