Regulators Face a Bilingual Conundrum; A proposed merger poses a question: Are Spanish-language media their own market?

The Los Angeles Times; Los Angeles, Calif.; Nov 24, 2002; Meg James and Jeff Leeds;

Abstract:
A few days later, Univision officials got a call from Clear Channel's outside financial advisor, again asking whether Univision was interested in its piece of the broadcaster. Univision said it would only if a deal could be made for full control of the radio chain.

Spanish-language TV giant Univision Communications Inc. is seeking to buy the nation's largest Spanish-language radio chain, Hispanic Broadcasting Corp., for more than $2 billion. If the deal is approved by federal regulators, Univision will capture an estimated two-thirds of all Spanish-language advertising in the U.S.

Univision plunged into the record business last year, financing its own Univision Music Group and then purchasing independent Fonovisa Records for about $230 million. Univision Music Group, with such artists as singer Jennifer Pena, left, now accounts for about 22% of the U.S. Latin music market, according to Nielsen Soundscan.

Full Text:
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Four years ago when millions of viewers tuned in to the planet's premier sporting event -- World Cup soccer -- they heard pop sensation Ricky Martin belting out the tournament's theme song, "Cup of Life."

But when the matches returned to TV last spring, the voice they heard werent through the coverage was of a virtual unknown, 18-year-old Jennifer Pena. She had an inside track: Univision Communications Inc., which owns the U.S. broadcast rights to the games, had just signed her to a record deal. Not coincidentally, Pena's album was released during the June tournament.

Univision's choice of singers illustrates the growing moxie of a media behemoth that has far grander plans for itself. Univision already is the king of Spanish-language TV. Last year, it created its own record label. And now the company wants to spend more than $2 billion to take over the nation's largest Spanish-language radio chain, Hispanic Broadcasting Corp.

If the merger is approved by federal regulators, Univision will obtain a lock on two-thirds of all Spanish-language advertising in the U.S., while gaining an unmatched platform for its talent -- a prospect that raises concerns about conflicts of interests.

"The only reason Jennifer Pena got to sing the song was because she was on Univision's label," said Roland Garcia, founder of small, Texas-based Hacienda Records. "They can make their own hits, and they will put us out of business."

In fact, the proposed merger has churned up turbulence among many players who once were consigned to the sidelines of the multibillion-dollar English-language broadcast industry but now find themselves battling for the riches of an exploding Latino market.

Protests have been voiced to the Federal Communications Commission, including one from Hispanic Broadcasting's chief competitor and another from a Latino advocacy group headed by New York state Sen. Efrain Gonzalez Jr.

"It is not in our best interests for Univision to control the Hispanic market in the United States," he said, "No one else will be able to compete.... You create Shamu and guess what? It eats all the little fish."

Univision executives argue that the merger would strengthen the overall economics of a traditionally underserved sector of the market and that they expect regulators will bless the deal in coming months.

http://pqasb.pqarchiver.com/243951851/html?MQ=4225a5494a94a750e7ca51c2f14d1c1e&did=243951851&FMT=F 1/6/03
But the antitrust review will be unlike any other undertaken by regulators during the past decade of media mergers, legal experts say. The government must decide whether Spanish-language media are a distinct market or a small slice of the nation's overall advertising and broadcasting pie.

"The commission is being called upon to make a decision which could have extraordinary consequences," said Washington communications attorney Vince Pepper, who has argued many cases before the FCC. "If you start recognizing a foreign language as a subgroup of the market, then you are involving the government in waters in which it has never stuck its toes."

Univision contends that it is part of the overall media market because it competes for advertising dollars alongside such giants as Viacom Inc. and Walt Disney Co., each of which owns television networks, radio stations and other assets.

A ruling that Spanish-language broadcasting stands alone would probably sink the Univision merger because the combined company would amount to a monopoly.

Univision was bought in 1992 by reclusive Los Angeles billionaire A. Jerrold Perenchio, who recognized the immense growth potential in the Latino market. In the last decade, he has guided the company from annual sales of about $200 million to a projected $1.2 billion this year.

Corporate America has caught on.

Companies ranging from the Krispy Kreme doughnut chain to the distillers of Don Julio Perignon have increased their marketing budgets in an effort to woo Latino consumers, who spend an estimated $580 billion a year. In April, General Electric Co.'s NBC spent $2 billion to acquire Telemundo, the second-largest Spanish-language TV network in the U.S.

Nowhere is the market hotter than in Los Angeles, the nation's largest -- and most competitive -- Latino media center. Univision's evening newscast on KMEX-TV Channel 34 often outdraws such English-language counterparts as KABC Channel 7, KNBC Channel 4 and KCBS Channel 2 for viewers.

With the acquisition of Hispanic Broadcasting, Univision's reach would extend to 55 radio stations, including five in Los Angeles. One of them, KSCA-FM (101.9), has ranked as the region's No. 1 station for most of the last five years among listeners ages 25 to 54, a group coveted by advertisers.

Since Univision created its new record label, it has quickly captured nearly a quarter of the U.S. Latin music market, according to Nielsen SoundScan. Univision plans to launch a cable channel next month devoted to music videos.

Because Univision already is so dominant, the possible addition of a huge radio chain has presented a minefield for regulators as they try to determine the impact on specific markets and advertisers who are worried about getting squeezed for higher rates.

In recent weeks, Justice Department antitrust investigators have been gathering documents on ad rates and audience size from Univision's competitors and advertisers. They also are examining whether Univision controls radio stations in Latino markets where it is seeking an even stronger hold.

Investigators specifically are interested in the long-standing relationship between Univision and Santa Monica-based Entravision Communications Corp., which owns Spanish-language TV and radio stations.

Government rules prohibit a company from owning more than eight stations in any market. The question being pursued by regulators is whether Univision essentially is controlling Entravision through its 31% ownership. If so, then the proposed merger might put Univision over the government limits.

http://pqasb.pqarc.../243951851.html?MAC=4225a5494a94a750c7ca51c2f14d1c1e&did=243951851&FMT=F 1/6/03
To try to assuage regulators, two senior Univision executives resigned in August from Entravision's board. Univision also has vowed to convert its interest in Entravision into nonvoting stock if the merger is approved.

Even if Univision passes that test, another awaits: Regulators must be convinced that Univision's new stations would remain truly competitive with those in which it already has an interest.

And if that isn't enough to keep regulators busy, then there's this question: Are television and radio separate markets, or do they compete with each other for the same advertising dollars? Univision is arguing that they are distinct markets, meaning the company could own a big piece of both without monopolizing either one.

Opponents of the merger, however, are not content to wait for the resolution of those technical issues. They recently stopped up a behind-the-scenes lobbying campaign to muddy the merger by targeting the role of Hispanic Broadcasting's biggest shareholder, Clear Channel Communications, which already is embroiled in a number of controversies involving alleged anti-competitive tactics in its radio and concert divisions.

Critics of the proposed union accuse Clear Channel of secretly masterminding the deal in possible violation of an agreement with the FCC. The radio chain, by far the largest in the U.S., obtained the agency's approval for its stake in Hispanic Broadcasting only after vowing to be a "passive" investor with nonvoting stock.

That assurance was necessary to avoid monopoly problems because of the high number of stations Clear Channel controls in various markets.

But documents submitted to the Securities and Exchange Commission detailing the proposed merger suggest that Clear Channel instigated the talks that led to the deal. Here, according to the documents, is what transpired:

The first overture came in an e-mail from Clear Channel's chief financial officer, Randall Mays, to Univision's senior vice president. Mays told the executive that another company was making a play for its 26% share of Hispanic Broadcasting. Mays said that if Univision executives wanted in the game, they should contact him.

A few days later, Univision officials got a call from Clear Channel's outside financial advisor, again asking whether Univision was interested in its piece of the broadcaster. Univision said it would only if a deal could be made for full control of the radio chain.

A third contact came two weeks later, when Clear Channel's Mays saw Univision's senior vice president at a broadcasters' convention in Las Vegas and pitched his plan face-to-face.

Within weeks, it became clear to Univision that it could, in fact, purchase not only Clear Channel's holding but all of Hispanic Broadcasting, whose executives were fielding offers from other suitors. One of those was archival Spanish Broadcasting System Inc., which owns 24 stations nationwide and has become the most vocal critic of the proposed merger.

Mays declined to discuss his company's role in the talks except to say, "We have nothing to do with the operations of Hispanic [Broadcasting]."

But critics argue that if FCC regulators believe there is evidence that Clear Channel was more than a passive bystander in Hispanic Broadcasting strategy, there could be grounds to delay or even reject the merger.

Despite all the controversy, U.S. Rep. Xavier Becerra (D-Los Angeles) said critics of the deal should keep Univision's size in perspective.

"As big as Univision is, it hasn't been able to get its fair share from the advertising pie," he said.
"Maybe a stronger player [in Spanish-language broadcasting] will be what it takes to get advertisers up to the table and willing to pay more."

* Two Spanish-language powerhouses seek to marry:

Spanish-language TV giant Univision Communications Inc. is seeking to buy the nation's largest Spanish-language radio chain, Hispanic Broadcasting Corp., for more than $2 billion. If the deal is approved by federal regulators, Univision will capture an estimated two-thirds of all Spanish-language advertising in the U.S.

Univision plunged into the record business last year, financing its own Univision Music Group and then purchasing independent Fonovisa Records for about $230 million. Univision Music Group, with such artists as singer Jennifer Pena, left, now accounts for about 22% of the U.S. Latin music market, according to Nielsen SoundScan.

Univision owns 53 TV stations. In Los Angeles, Univision's evening newscast on KMEX-TV Channel 34, featuring Eduardo Quezada, left, as news anchor, often outdraws such English-language counterparts as KABC Channel 7, KNBC Channel 3 and KCBS Channel 2.

Hispanic Broadcasting Corp. owns 55 radio stations, including five in Los Angeles. One of them, KSCA-FM (101.9), has ranked as the region's No. 1 station for most of the last five years among listeners ages 25 to 54, a demographic group coveted by advertisers. It features the nationally syndicated show of Renan Almendarez Coello, below, who is Los Angeles' top-rated morning host.

[Illustration]
Credit: Times Staff Writers

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Sub Title: [HOME EDITION]
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ISSN: 03583035
Subject Terms: Acquisitions & mergers
Television networks
Radio networks
Companies: Univision Communications Inc  Ticker: UVN  NAICS:515120  NAICS:512220
Hispanic Broadcasting Corp  NAICS:515112

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December 16, 2002

The Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20024

Dear Chairman Powell:

Mr. Raul Alarcon of Spanish Broadcasting System has asked me to express my opinion with regard to the competitive environment in the major market Spanish-language radio sector with a view of assisting you in your analysis of the pending Univision-HBC merger. More specifically, I would like to share my outlook on that merger's reinforcement of the inherent "barriers-to-entry" that would be faced by either new Hispanic radio entrepreneurs or existing English-language general market radio broadcasters attempting to enter the Spanish-language radio field.

My experience in the radio industry dates back to 1973. I graduated from Eastern Kentucky University with a bachelor's degree in Broadcasting. Over the past several years, I have been involved in all aspects of radio broadcasting while serving as President of Cook Inlet Radio, Group W Radio, CBS Radio as well as Infinity Radio. I recently retired from Infinity in September of 2002 and now work with the industry in a consultancy capacity. I have also served on the board of directors of the NAB (National Association of Broadcasters).

Today, major market Spanish-language radio is primarily serviced by two public radio entities, HBC and SBS. These two companies are exclusively focused on owning and operating major market Spanish-language radio stations.

The U.S. Spanish-language media market is a distinct niche market. There are several reasons that can be offered up to explain why the major market Spanish-language radio component of that market is so specialized.

Initially, a potential new Hispanic radio competitor would first need to overcome the lack of available major market FM or AM facilities and lack of funding for what would be a start-up situation. Stick values (defined as non-cash flow stations) continue to be at an all-time high. It is commonplace for FM stations in the top ten markets to be sold for numbers in excess of $100 million with little or no cash flow. Even top AM
Chairman Powell  
December 16, 2002  
Page Two

sticks continue to command lofty prices as well. For example, ABC recently purchased WEVD-AM in New York for a price tag of nearly $80 million. A few years ago, ABC also purchased KRLA-AM in Los Angeles from Infinity for $65 million.

Excellent facilities rarely go on the market and when they do there is usually a bidding frenzy commanding top dollar.

Likewise, existing English-language operators would face serious operational obstacles stemming from the unfamiliarity with Hispanic culture and music. More importantly, English-language radio operators would undoubtedly find it extremely difficult to identify, recruit and retain the varied sources of Hispanic talent necessary to properly run a major market radio facility. It would also be very difficult for English-language operators to hold on to the best talent when the Spanish-language operators can provide more opportunity for movement and advancement within their companies. My former company recently lost a popular Hispanic announcer at an Infinity station in Fresno to a Spanish-formatted station owned by HBC in Chicago. The fact is that Spanish-language media is a separate and unique sector that requires specific expertise. As previously mentioned, the major market radio portion is currently being fought over by two very competitive specialists that are dedicated to that market and nothing else.

Finally, on the advertising side, Spanish-language market budgets are totally separate from the general market budgets. They are never commingled. In every major market, Spanish-language ad expenditures are often a small percentage of the total advertising pie, thereby limiting the number of potential Competitors. There is no compelling economic rationale today that would convincingly argue for an English-language operator to dedicate valuable capital resources to experiment against established and well entrenched competitors who super-serve this specialized niche market. In fact, in my thirty years of radio experience, I cannot recall a single successful example of a major market English-language radio competitor entering any market with a new Spanish-language format.

For all of the reasons stated above, I believe that it is highly unlikely that a new major market Spanish-language radio company of any relative significance will come into existence in the foreseeable future. The recent difficulties experienced by Big City Radio in its format changes are present-day examples of the real-world effectiveness of these “barriers-to-entry”.

I hope these views serve their intended purpose of assisting your analysis of the pending Univision/HBC transaction. I would welcome any further discussion or follow-up questions.

Sincerely,
Introduction

This report studied the percentage of listening by Hispanic audiences to Spanish-language radio stations and all non-Spanish language radio stations.

Results were tabulated from Arbitron data for Spanish primary Hispanic listeners in the top 15 Hispanic markets (as an average) as well as selected major markets.

The data referred to in this report was sourced from the Arbitron Spring 2002 Report, RMR Qualified Stations, Monday through Sunday, 6AM to Midnight.
## Top 15 U.S. Hispanic Markets

Hispanics Spend 68% of their Time Listening to Spanish Radio*

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Los Angeles</td>
<td>79%</td>
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<tr>
<td>New York</td>
<td>69%</td>
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<tr>
<td>Miami</td>
<td>50%</td>
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<tr>
<td>Chicago</td>
<td>74%</td>
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<tr>
<td>Houston</td>
<td>75%</td>
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<tr>
<td>San Francisco</td>
<td>60%</td>
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<tr>
<td>Dallas</td>
<td>75%</td>
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<tr>
<td>San Antonio</td>
<td>76%</td>
</tr>
</tbody>
</table>

* All other radio alternatives - 19%
Top 15 U.S. Hispanic Markets

Hispanic Adults 18-49 Spend 69% of their Time Listening to Spanish Radio*

(select markets)
Los Angeles - 80%
New York - 67%
Miami - 53%
Chicago - 76%
Houston - 77%
San Francisco - 63%
Dallas - 75%
San Antonio - 77%

* All other radio alternatives - 19%
Top 15 U.S. Hispanic Markets

Hispanic Adults 25-54 Spend 70% of their Time Listening to Spanish Radio*

(select markets)

Los Angeles - 82%
New York - 71%
Miami - 56%
Chicago - 74%
Houston - 77%
San Francisco - 65%
Dallas - 74%
San Antonio - 78%

* All other radio alternatives - 17%
Top 25 Hispanic Ad Agencies

THE BRAVO GROUP
New York, NY
(212) 780-5800
Ownership: Young & Rubicam
CEO: Daisy Exposito Ulla
Year founded: 1980
No. of employees: 220
2002 gross billings ($M): $270.00
2001 gross billings ($M): $246.26
Clients: Philip Morris USA, AT&T, Blockbuster Video, Ford Lincoln Mercury, Wyeth

BROMLEY COMMUNICATIONS
San Antonio, TX
(210) 244-2126
Ownership: 49% owned by Publicis/51% Hispanic-owned
CEO: Ernest Bromley
Year founded: 1981
No. of employees: 120
2002 gross billings ($M): $184.00
2001 gross billings ($M): $176.00
Clients: Procter & Gamble, Burger King, Continental Airlines, Payless

DIESTE HARMEL & PARTNERS
Dallas, TX
(214) 800-3500
Ownership: Omnicom
CEOs: Tony Dieste and Warren Harmel
Year founded: 1995
No. of employees: 115
2002 gross billings ($M): $159.00
2001 gross billings ($M): $145.09
Clients: Peps-Cola, Frito-Lay, Hyundai, Clorox, HBO

LÁPIZ
Chicago, IL
(312) 220-5959
Ownership: Bcom3
CEO: Dolores A. Kunda
Year founded: 1987
No. of employees: 28
2002 gross billings ($M): $135.00
2001 gross billings ($M): $130.00
Clients: Coke, Tecate, Kellogg’s, Wrigley, Toys R Us, Disney, McDonald’s

CASANOVA PENDRILL INC.
Irvine, CA
(949) 474-5001
Ownership: Interpublic Group of Companies/ 51% Hispanic-owned
CEO: Paul Casanova
Year founded: 1984
No. of employees: 60
2002 gross billings ($M): $120.00
2001 gross billings ($M): $90.00
Clients: General Mills, Johnson & Johnson, General Motors, Home Depot

ZUBI ADVERTISING
Coral Gables, FL
(305) 448-9824
Ownership: Independent/100% Hispanic-owned
CEO: Teresa A. Zubizarreta
Year founded: 1976
No. of employees: 86
2002 gross billings ($M): $106.00
2000 gross billings ($M): $77.24
Clients: Ford, SC Johnson, American Airlines
WING LATINO GROUP
New York, NY
(212) 500-9401
Ownership: Grey Global Group
CEO: Jacqueline L. Bird
Year founded: 1937
No. of employees: 114
2002 gross billings ($M): $96.79
2001 gross billings ($M): $76.88
Clients: Procter & Gamble, Panasonic, Slimfast

THE VIDAL PARTNERSHIP
New York, NY
(212) 867-5185
Ownership: Independent/100% Hispanic-owned
CEO: Manny Vidal
Year founded: 1991
No. of employees: 70
2002 gross billings ($M): $90.00
2001 gross billings ($M): $70.10
Clients: Wendy's, Schering-Plough, Mastercard

MENDOZA, DILLON & ASOCIADOS
Aliso Viejo, CA
(949) 330-6700
Ownership: WPP Group PLC
CEO: Ingrid O. Smart
Year founded: 1979
No. of employees: 60
2002 gross billings ($M): $89.00
2001 gross billings ($M): $90.00
Clients: Kia Motors America, Sears, Kraft

PUBLICIS SANCHEZ & LEVITAN LLC
Miami, FL
(305) 858-9495
Ownership: Publicis Groupe/Miami office is 51% Hispanic-owned
CEO: Aida Levitan
Year founded: 1986
No. of employees: 80
2002 gross billings ($M): $87.00
2001 gross billings ($M): $80.00
Clients: BellSouth, Nescafe, Pennzoil-Quaker State, Chivas Regal, Juicy Juice

THE CARTEL GROUP
San Antonio, TX
(210) 696-1099
Ownership: Independent/100% Hispanic-owned
CEO: Victoria Varela
Year Founded: 1994
No. of employees: 80
2002 gross billings ($M): $86.29
2001 gross billings ($M): $74.11
Clients: U.S. Army, J.C. Penney, Leap Wireless, Capital One

LA AGENCIA DE ORCI & ASOCIADOS
Los Angeles, CA
(310) 444-7300
Ownership: Independent/100% Hispanic-owned
CEOs: Hector and Norma Orci
Year founded: 1986
No. of employees: 92
2002 gross billings ($M): $85.00
2001 gross billings ($M): $72.00
Clients: Washington Mutual, American Honda, Verizon. Allstate Insurance
DEL RIVERO MESSIANU DDB
Coral Gables, FL
(305) 666-2101
Ownership: DDB
CEO: Eduardo del Rivero
Year founded: 1993
No. of employees: 48
2002 gross billings ($M): $75.00
2001 gross billings ($M): $70.00
Clients: McDonald’s, State Farm Insurance

ACCENTMARKETING
Coral Gables, FL
(305) 461-1117
Ownership: Interpublic Group of Cos./51% Hispanic-owned
CEO: Esteban Blanco
Year founded: 1997
No. of employees: 53
2002 gross billings ($M): $60.70
2001 gross billings ($M): $46.90
Clients: GM, Chevrolet, Pontiac, GMC, U.S. Navy, Nextel

ARVIZU ADVERTISING & PROMOTIONS
Phoenix, AZ
(602) 279-4669
Ownership: Independent/100% Hispanic-owned
CEO: Ray Arvizu
Year founded: 1991
No. of employees: 44
2002 gross billings ($M): $57.50
2001 gross billings ($M): $47.50
Clients: Mastercard International, America West Airlines, McDonald's, Cox Communications

ORNELAS & ASSOCIATES
Dallas, TX
(214) 999-9322
Ownership: Independent/100% Hispanic-owned
CEO: Victor Ornelas
Year founded: 1988
No. of employees: 31
2002 gross billings ($M): $53.90
2001 gross billings ($M): $52.50
Clients: Nissan, Budweiser, Kimberly-Clark

LOPEZ NEGRETE COMMUNICATIONS
Houston, TX
(713) 877-8777
Ownership: Independent/51% Hispanic-owned
CEO: Alex Lopez Negrete
Year founded: 1985
No. of employees: 50
2002 gross billings ($M): $50.00
2001 gross billings ($M): $41.50
Clients: Wal-Mart Stores, Bank of America, Tyson Foods, Goya Foods, Geico Direct

SIBONEY USA/EAST
(New York and Miami offices only)
Miami, FL
(305) 372-8630
Parent company: Interpublic Group of Companies/51% Hispanic-owned
CEO: Jose M. Cubas
Year founded: 1983
No. of employees: 40
2002 gross billings ($M): $45.00
2001 gross billings ($M): $40.00
Clients: Colgate-Palmolive, Kellogg's, Red Lobster, Sedano's Supermarkets
AD AMÉRICAS
Los Angeles, CA
(213) 688-7217
Ownership: Independent
CEO: Liz Castells-Heard
Year founded: 1985
No. of employees: 40
2002 gross billings ($M): $44.00
2001 gross billings ($M): $36.50
Clients: McDonald's, Toyota, Safeway/Vons/Dominicks, AT&T Broadband, Dole Packaged Foods Co.

LATINWORKS MARKETING
Austin, TX
(512) 479-6200
Ownership: Independent/100% Hispanic-owned
CEO: Manny Flores
Year founded: 1998
No. of employees: 35
2002 gross billings ($M): $42.00
2001 gross billings ($M): $28.00
Clients: Miller Brewing Company, Greyhound Lines, Beech-Nut Babyfoods

THE SAN JOSE GROUP
Chicago, IL
(312) 751-8500
Ownership: Independent/100% Hispanic-owned
CEO: George San Jose
Year founded: 1981
No. of employees: 32
2002 gross billings ($M): $38.00
2001 gross billings ($M): $32.50
Clients: American Trans Air, National Pork Board, Dial Corp., Herdez Group

IAC GROUP INC
Miami, FL
(305) 856-7474
Ownership: Independent/100% Hispanic-owned
CEO: Ana Maria Fernandez-Haar
Year founded: 1978
No. of employees: 38
2002 gross billings ($M): $34.00
2001 gross billings ($M): $33.50
Clients: Publix Supermarkets, Taubman Centers, Procter & Gamble

CREATABILITY
Coral Gables, FL
(305) 663-7374
Ownership: Independent/100% Hispanic-owned
CEO: Ritchie Lucas
Year founded: 1989
No. of employees: 15
2002 gross billings ($M): $29.00
2001 gross billings ($M): $29.00
Clients: Royal Caribbean, Iberostar Resorts, Dunkin' Donuts, Washington Mutual Finance

EURO RSCG MVBMS HISPANIC
New York, NY
(212) 886-4100
Ownership: Euro RSCG MVBMS
CEO: Ron Berger
Year founded: 1997
No. of employees: 27
2002 gross billings ($M): $26.00
2001 gross billings ($M): $40.00
Clients: Subway Restaurants, Intel, 10-10-987, 10-10-220, Collect en Español
AL PUNTQ ADVERTISING
Tustin, CA
(714) 544-0888
Ownership: Independent/50% Hispanic-owned
CEO: Peggy Goff
Year founded: 1994
No. of employees: 20
2002 gross billings ($M): $25.00
2001 gross billings ($M): $23.00
Clients: Wherehouse Music, ConAgra Foods, IEHP (health plan)

** Top 25 Hispanic Ad Agencies: Methodology Hispanic advertising agencies were identified from databases compiled by AHAA and the SRDS Hispanic Media E Market Source. Hispanic ad agencies are defined as agencies that specialize in advertising to the U.S. Hispanic community. Ad agencies were sent a survey asking for information. The rankings are based on estimated 2002 billings. Nominations and/or comments can be sent to Hispanic Business by fax (805-964-6139) or e-mail (research@hbinc.com).

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Source: HISPANIC BUSINESS Magazine
### OTHER ADVERTISING AGENCY/MARKETING REPRESENTATION

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<td>1.</td>
<td>Gavilan, Horacio</td>
<td>Executive Director, Association of Hispanic Agencies</td>
<td>703-610-0231</td>
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<td>2.</td>
<td>Aguirre, Jack</td>
<td>Media Director-Sanchez &amp; Associates, Chicago, IL</td>
<td>312-704-0300</td>
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<td>3.</td>
<td>Amparo, Julio</td>
<td>President-Ampro Advertising, Bryn Mawr, NY</td>
<td>914-423-7373</td>
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<td>4.</td>
<td>Arroliga, Oni</td>
<td>President-Creative Spanish, Miami, FL</td>
<td>305-445-7171</td>
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<td>5.</td>
<td>Barrutia, Elizabeth</td>
<td>Senior VP Media Director, Arenas Entertainment, LA</td>
<td>323-467-9140</td>
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<td>Bartel, Mickey</td>
<td>Media Supervisor-Initiative, Chicago, IL</td>
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<td>Blanco, Adriana</td>
<td>President-The Admark Group, Pasadena, CA</td>
<td>626-583-1610</td>
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<td>Buerger, Steve</td>
<td>Advertising Director-Event Marketing, Milwaukee, IL</td>
<td>414-931-6764</td>
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<td>Catell, Gustavo</td>
<td>Media Director-BVK Meka, Miami, FL</td>
<td>305-372-0028</td>
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<td>Doyle, Mark</td>
<td>President-2nd Federal Savings, Chicago, IL</td>
<td>773-277-8500</td>
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<td>Felipe, Sam</td>
<td>President-Results Advertising, Burbank, CA</td>
<td>818-563-1820</td>
</tr>
<tr>
<td>14.</td>
<td>Franklin, Sherri</td>
<td>Media Buyer-Spot Plus, Dallas, TX</td>
<td>214-259-2800</td>
</tr>
<tr>
<td>15.</td>
<td>Garcia, Maritza</td>
<td>President-Hernandez &amp; Garcia, Lincolnwood, IL</td>
<td>847-676-4445</td>
</tr>
<tr>
<td>16.</td>
<td>Gonraker, Linda</td>
<td>President-VIVA Partnership, Miami, FL</td>
<td>305-576-6007</td>
</tr>
<tr>
<td>17.</td>
<td>Gota, Susan</td>
<td>Assistant Manager/Director-Broadcast, CA</td>
<td>310-360-3643</td>
</tr>
<tr>
<td>18.</td>
<td>Growcock, Marcy</td>
<td>President-Creative Media Development, IL</td>
<td>312-853-1700</td>
</tr>
<tr>
<td>19.</td>
<td>Guim, Rene</td>
<td>President-Nuner, Guim &amp; McCartney Advertising, Miami, FL</td>
<td>305-503-3045</td>
</tr>
<tr>
<td>20.</td>
<td>Gutierrez, Maritza</td>
<td>President-Creative Ideas, Miami, FL</td>
<td>305-358-5644</td>
</tr>
<tr>
<td>21.</td>
<td>Gutierrez, Pat</td>
<td>VP/Manager-Cruz/Kravetz, Culver City, CA</td>
<td>310-312-3630</td>
</tr>
<tr>
<td>22.</td>
<td>Hoffman, Adonis</td>
<td>Sr. VP/Manager, American Association of Advertising Agency, DC</td>
<td>202-331-7345</td>
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<tr>
<td>23.</td>
<td>Huss, Cheri</td>
<td>Broadcast Supervisor-CARAT, Santa Monica, CA</td>
<td>310-255-1320</td>
</tr>
<tr>
<td>24.</td>
<td>Jacobellus, Victor</td>
<td>President-Rose Productions, Chicago, IL</td>
<td>312-222-1303</td>
</tr>
<tr>
<td>25.</td>
<td>Jericho, Saul</td>
<td>President-Potamkin Mitsuibshii, NY, NY</td>
<td>212-433-1701</td>
</tr>
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<td>26.</td>
<td>Jimenez, Maria</td>
<td>Account Director-Sanchez &amp; Associates, Chicago, IL</td>
<td>312-704-0300</td>
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<tr>
<td>27.</td>
<td>Kimmelman, Gene</td>
<td>President, Consumer Union, Washington, DC</td>
<td>202-462-6262</td>
</tr>
<tr>
<td>28.</td>
<td>Kush, Laura</td>
<td>Manager Ethnic Broadcast-Media, Los Angeles, CA</td>
<td>310-824-7777</td>
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<td>Macias, Ben</td>
<td>Marketing Director-Aronson Furniture, Chicago, IL</td>
<td>733-475-3427</td>
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<td>30.</td>
<td>Martin, Alex</td>
<td>Broadcast Group Manager-Horizon Media, LA</td>
<td>310-282-0909</td>
</tr>
<tr>
<td>31.</td>
<td>Meilan, Maria</td>
<td>Media Director-Historical Museum, Miami, FL</td>
<td>305-375-1492</td>
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<tr>
<td>32.</td>
<td>Membiella, Royme</td>
<td>President-Membiella &amp; Associates, Miami, FL</td>
<td>305-868-1655</td>
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<tr>
<td>33.</td>
<td>Mendez, Malena</td>
<td>Director Marketing-Broward Center Performing Arts, Ft. Lauderdale, FL</td>
<td>954-468-3331</td>
</tr>
<tr>
<td>34.</td>
<td>Menocal Rubiera, Megaly</td>
<td>Media Communications Manager-Visa International, Miami, FL</td>
<td>305-551-5900</td>
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<tr>
<td>35.</td>
<td>Meyer, Debbie</td>
<td>President-Meyer &amp; Associates, Naperville, IL</td>
<td>630-357-6834</td>
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<tr>
<td>36.</td>
<td>Miranda, Luis</td>
<td>Partner-Miramar Group, NY, NY</td>
<td>917-922-6813</td>
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<tr>
<td>37.</td>
<td>Moran, Alejandra</td>
<td>President-Si Advertising, Cicero, IL</td>
<td>708-780-0116</td>
</tr>
<tr>
<td>38.</td>
<td>Naiman, Helane</td>
<td>President - ** Media, NY, NY</td>
<td>212-490-0505</td>
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<tr>
<td>40.</td>
<td>Pappas, Ilana</td>
<td>President-Accent Marketing, Chicago, IL</td>
<td>312-226-6117</td>
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<td>41.</td>
<td>Patterson, Sid</td>
<td>President-SPA, NY, NY</td>
<td>212-725-9600</td>
</tr>
<tr>
<td>42.</td>
<td>Pinto, Lynette</td>
<td>VP Marketing-Telemundo, Miami, FL</td>
<td>305-889-7000</td>
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<td>43.</td>
<td>Pirarro, Cesar</td>
<td>Business Manager-El Nuevo Herald, Miami, FL</td>
<td>305-372-2815</td>
</tr>
<tr>
<td>44.</td>
<td>Pool, Jean</td>
<td>President-Mindshare, NY, NY</td>
<td>646-756-4000</td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Position/Company</td>
<td>Phone</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------</td>
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<td>45</td>
<td>Rivera, Robert</td>
<td>President-SMI Entertainment, Miami, FL</td>
<td>305-885-8767</td>
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<tr>
<td>46</td>
<td>Rodriguez, Mike</td>
<td>General Manager/VP-Channel 51/Telemundo, Miramar, FL</td>
<td>954-622-7000</td>
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<tr>
<td>47</td>
<td>Ross, Candace</td>
<td>Senior Broadcast Negotiator-OMD, Los Angeles, CA</td>
<td>310-304-3681</td>
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<tr>
<td>48</td>
<td>Rossi, Luis</td>
<td>President-Rossi Enterprises, Chicago, IL</td>
<td>773-273-3300</td>
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<td>49</td>
<td>San Jose, George</td>
<td>President-San Jose &amp; Associales, Chicago, IL</td>
<td>312-751-8500</td>
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<td>50</td>
<td>San Jose, Natalia</td>
<td>President-Hispano Link, Lincolnwood, IL</td>
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<tr>
<td>51</td>
<td>Schectman, Steven</td>
<td>President-Sanlas Enchanted Forrest, Miami, FL</td>
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<td>52</td>
<td>Seaton, Kelly</td>
<td>Media Supervisor-Initiative Media, Chicago, IL</td>
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<td>53</td>
<td>Sternberg, Ann</td>
<td>Media-Rock &amp; Roots, NY, NY</td>
<td>212-788-4963</td>
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<tr>
<td>54</td>
<td>Tassinari, Caprice</td>
<td>International Marketing Director-Simon Properly Group, Miami, FL</td>
<td>305-663-4222</td>
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<td>55</td>
<td>Tomasino, Raquel</td>
<td>Senior VP/Media Director-Ad Americas, Los Angeles, CA</td>
<td>213-688-7250</td>
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<td>56</td>
<td>Turner, Michael</td>
<td>President, Information Policy Institute, NY, NY</td>
<td>212-629-4557</td>
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<tr>
<td>57</td>
<td>Wiscovitch, Joe</td>
<td>President-Wiscovitch &amp; Assoc, NY, NY</td>
<td>212-688-9460</td>
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<tr>
<td>58</td>
<td>Woddard, Mark</td>
<td>VP of Media-Specs/FYE, Miami, FL</td>
<td>305-532-5319</td>
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</tbody>
</table>
### Qualitative Criteria

**Adults 18+**

**Race is Hispanic**

<table>
<thead>
<tr>
<th>Selected Profile ranked by % of left</th>
<th>Target Persons</th>
<th>Covg (% left)</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchased non-prescription items at Sedano's (mo)</td>
<td>106,845</td>
<td>84.4%</td>
<td>227</td>
</tr>
<tr>
<td>2. Purchased non-prescription items at Navarro Discount Pharmacy (mo)</td>
<td>168,905</td>
<td>79.3%</td>
<td>214</td>
</tr>
<tr>
<td>3. Purchased non-prescription items at Fedco (mo)</td>
<td>52,105</td>
<td>55.0%</td>
<td>148</td>
</tr>
<tr>
<td>4. Purchased non-prescription items at other drug store (mo)</td>
<td>28,455</td>
<td>43.1%</td>
<td>116</td>
</tr>
<tr>
<td>5. Purchased non-prescription items at Winn-Dixie (mo)</td>
<td>199,820</td>
<td>37.3%</td>
<td>100</td>
</tr>
<tr>
<td>6. Purchased non-prescription items at other supermarket drug department (mo)</td>
<td>32,100</td>
<td>36.9%</td>
<td>99</td>
</tr>
</tbody>
</table>

**Population Information:**
- Total Adults 18+: 3,547,370
- Qualitative Population: 1,316,795
- % of Adults 18+: 37.1%

**Survey Respondent Information:**
- Total Adults 18+: 4,054
- Qualitative Respondents: 1,612

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Subject to the limitations and restrictions stated in the original report.
Qualitative Criteria Adults 18+
Full Survey Area represents Race is Hispanic

<table>
<thead>
<tr>
<th>Selected Profile ranked by % of left</th>
<th>Target Persons</th>
<th>Covq Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Shppd El Dorado for furniturermtrss (yr)</td>
<td>127,985</td>
<td>46.3% 125</td>
</tr>
<tr>
<td>2 Shppd Mattress Giant for furniturermtrss (yr)</td>
<td>64,475</td>
<td>43.3% 117</td>
</tr>
<tr>
<td>3 Shppd City Furniture for furniturermtrss (yr)</td>
<td>121,095</td>
<td>39.3% 106</td>
</tr>
<tr>
<td>4 Shppd Mattress Discounters for furniturermtrss (yr)</td>
<td>17,100</td>
<td>38.8% 104</td>
</tr>
<tr>
<td>5 Shppd Rooms To Go for furniturermtrss (yr)</td>
<td>208,380</td>
<td>36.2% 97</td>
</tr>
<tr>
<td>6 Shppd JCPenney Home Store for furniturermtrss (yr)</td>
<td>65,350</td>
<td>32.5% 88</td>
</tr>
<tr>
<td>7 Shppd Bloomingdale’s for furniturermtrss (yr)</td>
<td>36,835</td>
<td>32.1% 87</td>
</tr>
<tr>
<td>8 Shppd Sears for furniturermtrss (yr)</td>
<td>67,595</td>
<td>30.4% a2</td>
</tr>
</tbody>
</table>

Population Information:
Total Adults 18+ 3,547,370 Qualitative Population 1,316,795
% of Adults 18+ 37.1%

Survey Respondent Information:
Total Adults 18+ 4,054 Qualitative Respondents 1,612

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Subject to the limitations and restrictions stated in the original report.
Qualitative Criteria: Adults 18+
Full Survey Area
represents Race & Hispanic

Selected Profile ranked by % of left.

<table>
<thead>
<tr>
<th>Selected Profile</th>
<th>Target Persons</th>
<th>Cog (%) left</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shopped Michaels (3mos)</td>
<td>155,805</td>
<td>46.4%</td>
<td>127</td>
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<tr>
<td>2. Shopped Burlington Coat Factory (3mos)</td>
<td>157,275</td>
<td>43.2%</td>
<td>118</td>
</tr>
<tr>
<td>3. Shopped Ross Dress For Less (3mos)</td>
<td>299,405</td>
<td>42.6%</td>
<td>116</td>
</tr>
<tr>
<td>4. Shopped Toys 'R' Us (3mos)</td>
<td>315,595</td>
<td>42.3%</td>
<td>116</td>
</tr>
<tr>
<td>5. Shopped KB Toys (3mos)</td>
<td>128,600</td>
<td>41.8%</td>
<td>114</td>
</tr>
<tr>
<td>6. Shopped Sears (3mos)</td>
<td>678,180</td>
<td>41.7%</td>
<td>114</td>
</tr>
<tr>
<td>7. Shopped Marshalls (3mos)</td>
<td>419,030</td>
<td>41.6%</td>
<td>114</td>
</tr>
<tr>
<td>8. Shopped BrandsMart U.S.A (3mos)</td>
<td>412,890</td>
<td>40.3%</td>
<td>110</td>
</tr>
<tr>
<td>9. Shopped Costco (3mos)</td>
<td>376,630</td>
<td>37.9%</td>
<td>103</td>
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<tr>
<td>10. Shopped Burdines (3mos)</td>
<td>665,980</td>
<td>37.6%</td>
<td>103</td>
</tr>
<tr>
<td>11. Shopped JCPenney (3mos)</td>
<td>530,170</td>
<td>37.5%</td>
<td>102</td>
</tr>
<tr>
<td>12. Shopped K Mart (3mos)</td>
<td>798,985</td>
<td>37.4%</td>
<td>102</td>
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<tr>
<td>13. Shopped Best Buy (3mos)</td>
<td>404,430</td>
<td>36.8%</td>
<td>100</td>
</tr>
<tr>
<td>14. Shopped The Sports Authority (3mos)</td>
<td>256,170</td>
<td>36.0%</td>
<td>98</td>
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<tr>
<td>15. Shopped Wal-Mart (3mos)</td>
<td>802,065</td>
<td>36.0%</td>
<td>98</td>
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</tbody>
</table>

Population Information:
Total Adults 18+: 3,441,445
Qualitative Population: 1,260,530
% of Adults 18+: 36.6%

Survey Respondent Information:
Total Adults 18+: 4,086
Qualitative Respondents: 1,617
Target Profile

Qualitative Criteria: Adults 18+
Full Survey Area represents Race 15 Hispanic

Profile ranked by % of left:

<table>
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<tr>
<th>Rank</th>
<th>Activity</th>
<th>Target Covg Index</th>
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<tbody>
<tr>
<td>1</td>
<td>Shopped Sedano's for groceries (wk)</td>
<td>452,540 86.2% 235</td>
</tr>
<tr>
<td>2</td>
<td>Shopped other grocery store for groceries (wk)</td>
<td>246,085 49.0% 134</td>
</tr>
<tr>
<td>3</td>
<td>Shopped Wal-Mart Supercenter for groceries (wk)</td>
<td>202,070 39.3% 107</td>
</tr>
<tr>
<td>4</td>
<td>Shopped Winn-Dixie for groceries (wk)</td>
<td>643,875 36.5% 105</td>
</tr>
<tr>
<td>5</td>
<td>Shopped Smart &amp; Final for groceries (wk)</td>
<td>39,850 35.2%  96</td>
</tr>
</tbody>
</table>

Population Information: Survey Respondent Information:
Total Adults 18+: 3,441,445
Qualitative Population: 1,260,530
% of Adults 18+: 36.6%

Total Adults 18+: 4,086
Qualitative Respondents: 1,617

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Qualitative Criteria: Adults 18+
Full Survey Area represents Race 15 Hispanic

<table>
<thead>
<tr>
<th>Profile</th>
<th>Target Covg</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Shopped Delray Farm Foods for groceries (wk)</td>
<td>109,375</td>
<td>436</td>
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<tr>
<td>2 Shopped El Guero for groceries (wk)</td>
<td>101,675</td>
<td>589</td>
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Population Information: 
Total Adults 18+: 7,048,630
Qualitative Population: 1,013,745
% of Adults 18+: 14.4%

Survey Respondent Information: 
Total Adults 18+: 4,054
Qualitative Respondents: 520

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Subject to the limitations and restrictions stated in the original report.
The Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20024

Dear Chairman Powell:

The Association of Hispanic Advertising Agencies (AHM) is the national organization of firms that specialize in marketing to the nation's Hispanic consumers. AHHA represents over 95% of the Hispanic advertising Industry and we work in partnership with all issues regarding our industry in the private and public sectors.

We would like to take this opportunity to suggest that the impact of the proposed merger between Univision and HBC be fully explored and understood before any final decisions are made. AHHA firmly believes that a competitive marketplace is necessary for innovation, creativity and growth.

Therefore, we would like the Commission to further study the affect of the media concentration resulting from the pairing of the nation's #1 Spanish-language television operator with the #1 Spanish-language radio owner. As leaders of the Hispanic advertising industry, we are ready to assist the commission in providing additional insights and expertise as needed.

Sincerely,

The AHAA Board of Directors