maybe the only other company in the -- in the
investment universe that looks like that, that that
dilutes their efforts.

Q By the only other company that looks like
that you mean a stand-alone Spanish-language radio
company?

A Yes. Publicly traded.

Q Publicly traded. That would be the peer
group for looking -- again, from an investment
analysis looking at New Heftel versus SBS?

A Well, I think that in -- from an investment
perspective if you wanted to buy a company that was
primarily in Spanish-language formatted stations,
yes. If that was the -- the investment criteria you
were looking at, yeah.

Q And after -- after SBS became a public
company, that was the case, right? Those were the
only two real players in the Spanish-language radio
sector?

A There may have been -- I know that there are
others. Whether or not they came into existence
before or after, I don’t know.

Q Like Radio Unica is small player compared to
HBC or SBS.

A It is, I think, significantly smaller amount
of capitalization, yes.

Q And there's nobody else close to SBS or HBC in market capitalization that's a publicly traded that's in the business of Spanish-language radio in the United States.

A I don't know how large Entravision is so I'm not sure I would answer that question.

Q How about if I limit it to companies that didn't have a significant -- a 30 -- a 30 percent owner?

A I can't think of any others.

Q Now, back to your conversation in the summer of '99 with Elizabeth Satin. I think you -- you told me what prompted you to make the call. So now if you could tell me what you said to her and what she said to you.

A I don't remember if there -- we had small chat beforehand. But I think I -- my nature is to be pretty direct. And I think I asked her, are you leading an IPO for SBS. She said yes.

And I said, well, you know, you agreed not to do that as part of the Heftel underwriting. And she said, yes, but, and she started to make a -- I don't recall exactly what she said. She started to make excuses for why it was okay that she did that.
And my recollection was that I just said, you know, look, it's not my issue, you should just be aware that the guys at Heftel are upset and you've got an issue with your relationship there.

Q Why would -- why were you telling her that it was -- that she should be concerned that Heftel was upset with the relationship?

A Well, I mean, I think that if you look at the job of an investment banker, their job is to manage and cultivate relationships. That's how they make their money is by having good relationships.

And, you know, as I said, Elizabeth was a friend of mine. If I had been in her shoes I would have wanted to know that. I had a good relationship with Elizabeth. And the fact that I knew that there was an issue, you know, I thought it was important that she know that.

Q Why didn't you tell Jeff Hinson to call her?

A I don't know that he didn't, but I did not say that.

Q Why were you speaking for Heftel in expressing this view to Elizabeth Satin?

A I wasn't speaking for Heftel. I personally wanted to know if she was doing it for my own edification.
Q Well, you weren't involved in the -- at this point in time you were not involved -- you were not an officer of Heftel.

A I was not.

Q You were not a director of Heftel.

A I was not.

Q And your stock ownership through -- the Clear Channel stock ownership was passive to avoid attribution rules. Right?

A That is correct.

Q So why did you have an interest in talking to Elizabeth Satin of Lehman about a matter that seemed to concern only Lehman and Heftel?

A Well, again, I thought that she would want to be aware that she had a problem with her relationship. And, you know, regardless of what company it is, if she -- if I had gotten a call from the CFO of company Z and that CFO had told me, God, you know, I'm really upset at investment banking firm A, and I had a good relationship with the point person in investment banking A, yeah, I would call and tell them. I would say, hey, you know what, you know this -- it's probably important you should know you've got a problem with your relationship.

Q And don't know whether Mr. Hinson called
Mrs. Satin as well?
A I don't know if he did or did not.
Q Did -- is it true that your primary reason in calling Elizabeth Satin was to get her to agree not to be an underwriter for SBS in the IPO?
A No.
Q Did you want -- would you have regarded that as a desirable outcome of your telephone call?
A That wasn't the purpose of my call.
Q So you're indifferent to whether Lehman continued as -- on working on the SBS IPO.
A I don't know that I would say that I was indifferent. I think that they -- just as a matter of integrity I think that they said they wouldn't. And just from a point of integrity I would have thought it was appropriate. But I never suggested to her that she shouldn't other than to say that she had agreed not to.
Q Did you -- did you remind Elizabeth that Lehman had continued to do deals for Heftel in the -- in the subsequent two years?
A I don't know if I did or didn't. I don't recall that.
Q Did you remind Elizabeth that Lehman was continuing to get business from Clear Channel in -- in
that period from '97 to '99?

A I don't know if I did or didn't.

Q Did you -- did you point out to Mrs. Satin that one of the consequences of Lehman doing an IPO for SBS was that Clear Channel would be less inclined to give investment banking business to Lehman in the future?

A I don't -- I don't recall saying that, no.

Q Wasn't that -- wasn't that why you called her, to try to get her to withdraw from the SBS IPO in exchange for continuing business from Clear Channel?

A No.

Q Did you -- did you tell Elizabeth Satin that you thought Heftel would be less inclined to give Lehman investment banking business in the future?

A I do believe that I said that I thought she had an issue with her relationship there, which I don't know if I explicitly said it but I think pretty implicitly suggested that she had an issue with her relationship with Heftel.

Q And issue with her relationship with Heftel were the code words that meant, you're not going to get as much business from Heftel in the future.

A That would have been solely up to them.

Q But that's what you were trying to convey to
her.

A I -- I thought it was important that she
know that she had a problem with her relationship.

Q But -- but the practical effect of the
problem with the relationship is that Lehman wouldn't
be getting as much investment banking business from
Heftel in the future.

A That would have been up to them.

Q But there's no -- that's what you were
trying to tell her, isn't it?

A What I was trying to tell her was that she
had a problem with her relationship.

Q But what are the practical implications of a
problem that an investment banker has with her
relationship with the corporation?

A Well, likely that you won't do a lot of
business with them.

Q What did you tell Elizabeth Satin, if
anything, about Mr. Alarcon and drugs?

A After she was -- after the initial part of
the conversation I asked her how the timing of the
transaction was going. And she said that, you know,
they had -- they were underway. And I asked her
whether or not they had completed all of their due
diligence. And she said that they had -- they were
still in the process.

And I said, did you find anything unusual. She said, no, why. I said, look, I -- I heard something that I didn't know if it was true, that there was something in the public domain where Raul admitted to using drugs.

Q Was your comment limited to admitted to using drugs, or did it also involve drug trafficking?

A I said that -- I only repeated what I heard from Jeff so it was only that he admitted to using drugs.

Q And what did Mrs. Satin say to you?

A She asked me where -- where that was. And I told her that I didn't know. And I think I again repeated that I did not know if it was true.

Q Did she have an excited response to your --

A My general recollection was is that she was fairly excited from the previous part of the conversation. Again, I think that she was very defensive, as I think anybody would be who had agreed to do something and was essentially not fulfilling that. I think she was very defensive.

So she was already somewhat excited.

And I -- I can't remember if the additional comments
furthered that -- furthered that excitement or not.
Q Well, you would agree that they probably
didn't calm her down.
A I would agree that they -- well, I don't
know that they would or they wouldn't have. My guess
is they would not have.
Q You made those comments to her as a further
effort to get her to withdraw from the SBS IPO. Isn't
that correct?
A That's absolutely false.
Q Well, what were -- what were you -- why were
you telling her that you had heard that Mr. Alarcon
was a drug user?
A As an underwriter, if you were going to an
underwrite a company, I would think that it would
be -- that the main reason is that you wouldn't want
to -- you know, whether or not he was or wasn't I
don't think was probably material to them
specifically.
But it's something you'd sure want to
know if you are going out on road show so you didn't
get blinded by it, so it was something that if they
did need to disclose it to make sure they did, and
then more than anything just to be aware of it.
Q And this was just about drug use?
A Yes.

Q Is that correct?

So you think that -- and you had that -- the drug part of the conversation at the end of the conversation.

A Yes.

Q After you had -- after you had told Mrs. Satin that you thought she didn't live up to her word and commitment that she wouldn't do an SBS IPO.

A After -- after she had told me that she was going to do the SBS IPO, yes.

Q And after -- after you had told her that this -- doing the SBS IPO would be bad for her relationship with Heftel.

A I think I told her that she would have an -- I think I told her not that doing the SBS in those words. I think what I told her was she had an issue with her relationship with Heftel.

Q So you're telling me that the third part of the conversation which you said you had heard but you didn't know if it was true that Mr. Alarcon was a drug user was unrelated to your first efforts and your second effort that she was -- she was not keeping her word and that it would hurt her in her future business dealings with Heftel?
Again, I think you're taking the conversation out of context. The conversation was one where I was calling Elizabeth as a friend to primarily let her know that she had a relationship issue with Heftel. And that I thought she would want to know as the lead underwriter that piece of information. It was not an effort in any way to not have her do the IPO.

MR. DWYER: We need to change the tape so...

MR. SUSMAN: I think we've been going two hours so let's take a 15-minute break.

THE VIDEOGRAPHER: This is the end of tape two. The time is 3:05.

(Recess from 3:05 to 3:25)

THE VIDEOGRAPHER: Start of tape three. We're back on record. The time is 3:25.

Q Mr. Mays, I have a few more questions about your conversation with Elizabeth Satin back in the summer of '99.

Did she -- did she tell you what she was going to do based on your information concerning your -- your -- your retelling of Mr. Hinson's statement concerning Mr. Alarcon's drug use?

A Not that I recall, no.
Q And before the break you -- you -- you testified that Ms. Satin had told you some things about where they were in the process of -- of due diligence in the IPO. Do you recall that?
A Yes.
Q Did you think it was unusual that she was telling you about where Lehman was in the process of doing another company's IPO?
A You know, it was a pretty benign comment, I mean what her response to me was. So it -- it wasn't -- I didn't think it was unusual, no.
Q Would you have been offended if you had discovered that Lehman or some other underwriter had given that sort of information about a pending Clear Channel underwriting?
A I didn't -- I didn't see it as even remotely confidential what she said.
Q So -- so you would be okay if your investment bankers had that kind of conversation with another company in the radio business.
A On an initial public offering? I don't think it would be an issue, no.
Q How about on subsequent underwritings?
A I think on subsequent underwritings it would be relevant.
Q Why do you make that distinction?
A Well, because in one instance you have a publicly traded stock and the knowledge of whether or not offering was coming could impact the market price. In initial public offering there is no market price and, therefore, it wouldn't impact it.

Q When you -- when you had the conversation with Ms. Satin about Mr. Alarcon's alleged drug use, what did you answer when she said, where did you get the information from?
A My recollection is I said she -- no. What she said was, do you know -- I had said that -- that he had said -- what I had heard was that there was something in the public domain about him admitted to using drugs. And her question is, where, where was it in the public domain. At least that's how I interpreted the question. I said I didn't know.

Q And you testified previously that you didn't know whether it was a true statement or not that he had used drugs.
A That is correct. And I told Ms. Satin that I didn't know if it was true.

Q So what you were passing on to her was a statement that you didn't know whether it was true or not.
A I did not know whether or not it was true.
Q So why were you telling her -- and you agree -- would you agree that what you were saying, if not true, was defamatory?
A I don't -- I don't know that. I mean I'm -- I don't know what that is from a legal standpoint so I don't know.
Q Would you agree that it wouldn't help Mr. Alarcon's reputation if you said something that wasn't true about his past drug use?
A If he admitted to using drugs? That's -- what I said was he admitted to using drugs. If that ended up not being true, I don't know.
Q But when you said you didn't know whether it was true --
A I didn't know whether or not he admitted to using drugs, that's correct.
Q And you didn't know whether he used drugs.
A I have no knowledge of Mr. Alarcon's drug use, no.
Q As you sit here today do you have any knowledge concerning whether or not Mr. Alarcon has ever used drugs?
A No.
Q As you sit here today do you have any
knowledge about whether Mr. Alarcon has ever sold or trafficked in drugs?

A No.

Q Did you ever make an attempt to find out whether -- whether Mr. Alarcon sold or trafficked in drugs?

A No.

Q Did you ever ask Mr. Hinson to find out?

A No.

Q Do you know if he ever tried to find out?

A I don't know.

Q Have you ever had any kind of investigation made of Mr. Alarcon or his family?

A No.

Q Do you know whether anyone at Clear Channel has?

A Not that I'm aware of.

Q Do you know whether anyone at HBC has?

A Not that I'm aware of.

Q Do you know whether Lehman Brothers made an investigation as to whether Mr. Alarcon used drugs?

A My understanding is that they did.

Q And do you know what the results of that investigation were?

A My understanding was that -- that they did
not find anything.

Q Did you ask -- did you ever ask Mr. Hinson what the public source was?

A I'm sorry?

Q Did you ever ask Mr. Hinson what the public source was that he was -- that the thought Mr. Alarcon was using drugs?

A I do not recall if I did or not.

Q In that conversation did you tell Elizabeth Satin that SBS was the only real competition to HBC in the Spanish-language radio market?

A I don't recall saying that, no.

Q Was that a true statement in the summer of '99?

A I'm sorry?

Q Was that a true statement in the summer of '99?

A Was what a true statement?

Q That SBS was the only real competition to HBC in the Spanish-language radio market?

A From a perspective of a public equity underwriting that was probably true.

Q Have you -- have you ever had any discussions or review of materials concerning HBC's principal competition in New York, Miami, Chicago, and
MR. DWYER: Steve, I would ask that we leave a blank in the transcript and have that number filled in.

MR. SUSMAN: Fine.

Q Do you think it would have been wrong for someone at Clear Channel in the summer of 1999 to have told someone at B.T. Alex Brown that they should withdraw from a SBS IPO or risk endangering continuing substantial fees from Clear Channel or HBC?

A I think from my perspective the issue would be whether or not an investment bank who had made a promise to you and said that they would not do something, and that if they ultimately did not do that, that it would be a matter of integrity and whether or not you would continue to want to do business with someone that you didn't have confidence and integrity.

So, you know, I think that's a difficult question to answer. I don't -- by the way, I don't think anybody ever said that to them.

Q Would it make a difference to you as to whether that was a wrong thing to do as to whether they had -- the investment bank had already agreed to participate in the IPO?
A I think integrity is kind of an absolute issue. Either you have it or you don't. And it's a pretty important part of a relationship with an investment bank. I mean, I tell every single investment bank that comes through here, number one most important thing is trust in the relationship. And if you don't have integrity and trust in that relationship I think it's tough to have a relationship.

Q You don't think that investment banks have a level of trust in the relationship they don't want to go as far as what fee they're getting right now?

A I think that that is certainly one of the things that makes it difficult. And I think that firms that set themselves apart are the ones that are able to raise above that.

Q Well, just staying with your situation, isn't it -- isn't it the case that the people who told you they wouldn't do an SBS IPO back in 1997 told you that so that they would participate -- be able to participate in the Heftel underwriting?

A They certainly told me that as -- as part of the Heftel underwriting, yes.

Q And they told you that because they wanted to get the fee that was being offered to them then.
A: I -- certainly I think that played a role in their decision, yes.
Q: And if some of those people were participating in the SBS IPO in the summer of 1999 it was because they wanted to get a fee from that -- that underwriting event.
A: I would assume that the reason they were doing that was to earn money, yes.
Q: And that if some of those people were induced to not participate in an IPO is because they thought they'd make more money by future business from Clear Channel or Heftel.
A: You'd have to ask them what their motives were.
Q: Good suggestion.
Did -- did BTAB participate as a underwriter in a -- a deal for Heftel in November of 1999?
A: I don't know if they did or did not. It would be easy to find out. I just don't know.
Q: That's the same month that the SBS IPO was launched. Isn't that right?
A: I don't know specifically if that's when it was launched or not. I thought it -- SBS was slightly before that but that could be right.
MR. DWYER: I'll mark as Exhibit 68 a document that's headed Heftel Broadcasting -- Road Show.

(Exhibit 68 was marked)

Q And that was the road show scheduled as of January 15th.

(Off the stenographic record.)

MR. DWYER: And I'd like to mark as -- that was 68?

THE REPORTER: Uh-huh.

MR. DWYER: -- 69 the Heftel road show January 24th.

MR. SUSMAN: The first one is 68?

MR. DWYER: Yeah.

(Exhibit 69 was marked)

Q Mr. Mays, does a review of Exhibit 68 and 69 refresh your recollection as to the participants in the Heftel road show in January of 1997?

A I mean it -- it really doesn't. I -- I'm just kind of going through this. It is -- it's a little bit of a blur to me. I don't -- I mean I really don't know remember doing the Heftel road show. I can remember one meeting in New York at the 21 Club. And I just -- I really don't remember.

I -- to put it in context, I've been on
those questions when they get them for other investors, and to the extent they learn any new information to be aware of it.

Q Independent of the question of whether you remember yourself going on this road show, do you remember that your father was participated in the January 1997 Heftel road show?
A You'd have to ask him that specifically.
I--I recall that he was at a meeting in New York. And other than that one, again, I just--I don't remember.

Q Do you remember that Mr. Tichenor and Mr. Hinson participated in the January 1997 Heftel road show?
A It certainly would not seem to me to be unusual. They were going to be the CEO and CFO of the new entity. So it's very likely that they did. I would expect that they would. I just--again, I just don't remember.

Q Do you remember that Mr. Amling and Mr. Marcus from Alex Brown participated in the January 1997 road show?
A I certainly would expect that for parts of it they would have.

MR. DWYER: I'm going to mark as
Exhibit 70 a document that on the front says Heftel Broadcasting Corporation, and it's got Bates numbers 053818 through 053864.

(Exhibit 70 was marked)

(Off the stenographic record.)

MR. TERRELL: This is Exhibit 70?

MR. DWYER: 70, yes.

Q Mr. Mays, there's no date on this document. Have you -- have you ever seen this document before?

A I -- I think I have, yes. I don't specifically recall but I -- my -- my -- it's highly likely that I have seen it, yes.

Q Do you believe this to be a slide show or PowerPoint presentation made in January 1997 during the Heftel road show?

A No. I don't think that.

Q What -- what do you believe this to be?

A I believe this is a presentation that was made to the commercial banks in the credit facility for Heftel.

Q And did I at least get the date right? Do you think it's January 1997?

A That certainly appears what it is, yeah.

Q There's not --

A It's pretty close to that.
Q Might be January '97, might be December '96?
A Yeah. I mean it's -- my guess -- I think you're right. I think it's sometime probably early January.

Q No later than February 1997?
A I think that's correct, yes.

Q And did you participate in -- in making this presentation?
A I believe so, yes.

Q And it talks here about -- there are two people who appear on this agenda from Chase Securities. What was the role of Chase Securities in connection with that debt offering?
A They were the -- I believe the -- the correct term is that they were the syndicator of the credit facility.

Q And Chase -- is Chase Securities connected to the company that is now JP Morgan Chase?
A Yes.

Q It was an affiliate of Chase Manhattan Bank at the time?
A I believe that's correct, yes.

Q And was this debt offering successful for Heftel?
A I believe so, yes.
Q Now, do I -- do I correctly understand the format that you made the -- the two parts of the presentation that are Introduction and Hispanic Market?

A This is what that says. I don't -- I don't recall if I did or I didn't.

Q Well, if you look at the -- if you look at the slides from 53820 through 53833, do you believe you -- you presented those slides at this presentation?

A I don't have any reason to think that I didn't. I just don't know for a fact that I did. The agenda would suggest that.

Q You --

A I don't -- I don't know if I did or I didn't. My guess is based on this I would say it's likely.

Q And you remember making a presentation at Chase?

A I recall a bank meeting in New York that I attended, and I know I was there. So I don't -- I don't specifically recall what I did or said. I know I was -- I certainly recall being there.

Q At the time, and we're -- we're approximating January 1997, were you still the CFO of

UNITED-WOMACK REPORTING- A LEGALINK COMPANY 713-426-0400
Hef tel?
A I believe so. Again, I'm not sure exactly what my title was but I believe so.
Q You still had a role in Hef tel.
A Yeah. We had not -- Clear Channel still owned a majority interest in Hef tel, yes.
Q So this -- so the -- another way of dating this is this -- this presentation had to be made before February 14th, 1997.
A Yeah. In fact, the -- this was an interim part -- this had to get done before the closing could happen.
Q Okay. If you look at the page that's 053821, what did you mean by New Hef tel pro forma 1996 revenues approximate $120 million?
A That the pro forma revenues of Hef tel and Tichenor, which we call New Hef tel to distinguish it from Hef tel, the prior -- the unmerged company would have had approximately 120 million in revenues.
Q And is the next point on this chart designed to say that the new company is -- is larger than the combined revenues of the next largest -- next nine largest Spanish radio broadcasters?
A The next point says that the combined revenues of the next nine largest Spanish radio
broadcasters approximates a hundred million.

Q And that was true. Right?

A As far as I knew, yes.

Q And so one of the things you were saying to the potential buyers of Heftel debt was that the company you're putting together was going to have revenues that were larger than its next nine largest competitors.

A That it would be larger than the next --

than the -- of the next nine largest Spanish radio broadcasters, yes.

Q And you are also -- you were also telling the potential debt holders that the New Heftel was -- would be the only Spanish radio broadcaster to operate stations in each of the top ten Hispanic markets.

A Yes.

Q Why -- I take it that this whole presentation is to persuade them that this is a creditworthy debt?

A Yes.

Q Why was -- why was that an important point to make to them in that context?

A I think to show that the company had a size and scope, that it was not overly dependent upon any one market, that it had diversified revenue stream.
Q Did anyone ask you whether -- what competitors were in those ten Hispanic markets?
A I don't recall.
Q Did anyone ask you whether any of the other competitors had as many as five of the markets covered with stations?
A I honestly don't recall.
Q What about the next point, operates the number one Spanish station in nine markets? What did you mean -- why were you telling that to the potential debt holders?
A I assume to show a proficiency in running stations in the Spanish language.
Q And you were persuading them that because they were the number one station in nine of the markets that meant they would be a successful company?
A I would characterize it that they knew how to manage and run stations in Spanish-language format.
Q If you turn to the next page, which is 53822, the bottom -- the bottom bullet says, Clear Channel to convert to nonvoting stock with option to convert back to voting stock.
Do you see that?
A Uh-huh.
Q Is that something you told the potential
A I believe that's the case.

Q And what did you mean by the last sub-bullet, opportunity to introduce new Spanish formats in top ten Hispanic markets?

A That there was the opportunity to convert English-language stations to Spanish-language stations.

Q In terms of new Spanish formats, did you -- did you also mean that it could -- that the New Heftel, by virtue of having multiple stations in given markets, could offer different types of Spanish-language programming?

A I -- I don't know. I would -- that's not how I would interpret that. That could have, in fact, be what we were talking about. That's not how I would interpret that. I would just say new Spanish formats meaning the introduction of a English-language to a Spanish-language.

Q Well, Clear Channel does that. Right? I mean in certain markets you have different -- different of the Clear Channel stations broadcasting in different -- in different formats to capture different parts of the listening audience?

A Yes.

Q So would it surprise you that
Spanish-language radio also tries to broadcast different formats to capture different segments of the listening audience?

A No.

Q And are you aware of regional differences among cities that Heftel and Tichenor were broadcasting in at the time in terms of focusing programs to Mexican immigrants versus Caribbean immigrants versus South American immigrants?

THE WITNESS: Can you repeat that?

(The requested portion was read back)

A Yes.

Q And your -- for example, in Los Angeles, the programming is focused more on Mexican immigrants as contrasted to, say, Miami where a Cuban or other Caribbean immigrants might be more of a focus?

A That is my general understanding.

Q And -- and would you agree with me that there are cultural differences among Hispanics who come from different regions?

A I certainly do not believe that they are a homogenous group of people, no.

Q And are there -- would you agree that there are also linguistic differences between the Spanish that's spoken in Mexico versus the Spanish that's
spoken in Cuba or Columbia?
A That's getting into a subtlety that I
don't-- I think there are cultural differences. When
you start getting into linguistic differences, I just
don't know.
Q Do you speak Spanish?
A Very little bit.
Q Poco?
A Un poco.
Q Does your father or brother speak Spanish?
A I would put them in the same category as
myself.
Q And are there any officers of Clear Channel
that you know of that would regard themselves as
fluent in Spanish?
A Yeah.
Q Who is that?
A I would -- I know that we have, for example,
the CFO of our outdoor group is perfectly fluent.
THE REPORTER: I'm sorry. What group?
A The CFO of our outdoor division is fluent.
I know people who work in certainly our Mexico
operations that are, people who work in our Spanish
operations that are. So --
Q You hope.