

1 of HBC had told him that he had heard that
2 Mr. Raul Alarcon, Jr. was revealed in some public
3 filing to have been a drug user but that he didn't
4 know if it was true or not. That part --

5 A That's what I remember hearing yesterday.

6 Q And what -- after you left, then, your son
7 Randall went on to say was that he had passed that on
8 to Elizabeth Satin in a conversation in which he was
9 complaining that Lehman wasn't honoring its commitment
10 to him not to participate in the SBS IPO.

11 A Based on the drug use? I mean I haven't
12 read the transcript. I mean I'd be happy to answer
13 that question after I read the transcript.

14 Q You're -- well, unfortunately, I won't get
15 to ask you any questions after you read the
16 transcript.

17 That he had passed that statement of
18 Mr. Hinson on to Ms. Satin during the SBS IPO work
19 that Lehman Brothers was doing even though he didn't
20 know it was true. That's what he went on to say in
21 the transcript.

22 Did --

23 A I don't know that's what he said but --

24 Q Well, I'm representing to you that's what he
25 said.

1 Does -- is that behavior that you
2 approve of, disapprove of, or don't have a view on?

3 A I don't know the circumstances of either the
4 Jeff Hinson discussion or his discussion with
5 Elizabeth Satin. I don't have transcripts of either
6 one of those conversations. So I'm just not going
7 to -- I'm not going to comment on that.

8 But I will say that Randall Mays is a
9 person of the very, very highest integrity, and he
10 wouldn't say anything to misrepresent anything or
11 anybody for any reason.

12 Q Have you ever known your son Randall to pass
13 on rumors that he didn't know whether they were true
14 or not about someone's drug use to an investment
15 banker?

16 A No.

17 Q So you would find it extraordinary and out
18 of character for him to have done so here?

19 A Depending on the circumstances. I just
20 don't like to play what if somebody said something to
21 somebody else and then you say that he said this and
22 then come -- you're wanting me to come to some
23 conclusion about not knowing the circumstances of the
24 statements of any of the three parties involved.

25 Q Do you plan to ask your son Randall what he

1 said about this subject and why he said it?

2 A I might very well do that.

3 Q Or do you plan just to rely on your view of
4 his integrity, as a father?

5 A This is not a father/son thing. This is
6 knowledge of an individual for a long period of time.

7 Q Since -- since his birth.

8 A Huh?

9 Q Since his birth?

10 A Yes.

11 Q You've known him all his life.

12 In Mr. -- what else did you discuss
13 with Mr. Alarcon besides what he -- what he said about
14 your son's -- Randall's comments on his drug use?

15 A I think we talked about the -- the
16 combination of -- and him being interested in some of
17 the stations, but he never did ask to see the
18 information that I brought. And so I read from that
19 that he really wasn't interested.

20 And then he said that he wasn't
21 interested in -- in going through the auction
22 process. I do remember saying to him that it was very
23 important for us to give him the opportunity because
24 the thrust of the divestiture was to increase
25 minority-owned broadcast companies.

1 Mr. Tichenor and Mr. Alarcon --

2 A No.

3 Q -- concerning that letter?

4 Do you know whether Mr. Tichenor and
5 Mr. Alarcon talked about the letter?

6 A No. I do know that there was a conversation
7 between -- well, I won't go into that because I'm not
8 sure when that occurred. Go ahead.

9 Q Did you --

10 MR. DWYER: Let me just ask the witness
11 to be shown Exhibit 102.

12 Q I asked before generally about whether you
13 were aware of correspondence, and specifically wanted
14 to ask about this letter, whether you had ever seen
15 the March 25th, 2002 letter from Alarcon to Tichenor.

16 A I have never received -- I have never seen
17 this till today.

18 MR. SUSMAN: Well --

19 THE WITNESS: What?

20 MR. SUSMAN: -- don't we have another
21 letter where Alarcon sends him a copy of this letter?
22 I'm pretty sure we do.

23 MR. DWYER: There is a -- there is a --
24 well, Exhibit 103 -- well, Exhibit 103 is a letter
25 that sends an offer letter but I'm not sure it's that

1 letter. Why don't we show the witness Exhibit 103.

2 MR. SUSMAN: 103.

3 MR. DWYER: Exhibit 103 is the
4 April 17th letter from Alarcon to Lowry Mays.

5 MR. SUSMAN: What's the date of it?

6 MR. DWYER: April 17th, 2002. I can
7 show him my copy if you -- I can show -- it's April
8 17th, 2002 letter from Alarcon to Lowry Mays.

9 MR. SUSMAN: Yeah. It's Exhibit 103
10 and 104. Give me --

11 MR. DWYER: Show him 104 as well.

12 MR. SUSMAN: Is this 103?

13 MR. DWYER: 104 is the April 18th
14 letter of Lowry Mays of --

15 MR. SUSMAN: Excuse me.

16 (Off the stenographic record.)

17 MR. SUSMAN: Yeah.

18 MR. DWYER: Okay.

19 MR. SUSMAN: It is attached. so you
20 better look at that before you answer you've never
21 seen it.

22 Q Well, the question I had previously asked
23 you, Mr. Mays, whether you had ever seen the
24 March 25th letter. And now -- and now I'm showing you
25 the April 17th letter which is Exhibit 103. And if

1 you see -- if you see in the second paragraph it says,
2 enclosed please find the SBS offer to HBC.

3 Do you see that?

4 A I see that.

5 Q So let's take this a step at a time. Did
6 you -- first of all, did you receive the April 17th
7 2002 letter from Mr. Alarcon? And in answering that
8 question you might want to look at the -- at
9 Exhibit 104 which is your April 18th letter.

10 A I remember the phone call.

11 Q Okay. Let's -- why don't we start it
12 there. Did you have a phone call with Mr. -- with
13 Mr. Alarcon on April 17th, 2002?

14 A I'm not sure whether that was the date. But
15 basically what he said at that juncture was please
16 call Mac on my behalf to try to get him to combine our
17 two companies.

18 And it was my position at that time
19 that I had had enough of Mr. Alarcon in terms of his
20 threats of we're going to sue you, and then coming
21 back with an offer that would suggest, if you don't
22 take this offer we're going to sue you and if you do
23 take the offer maybe we won't sue you.

24 And I wrote a letter back saying I
25 didn't want to have anything to do with it, and used

1 some language here that, you know, kind of hid behind
2 our passive position.

3 It is -- you know, there's certainly
4 nothing wrong with me discussing with Mac or with him
5 the merits of the offer. But I had had enough of him
6 threatening lawsuits on frivolous-type actions that I
7 sent him this letter saying I don't want anything to
8 do with it.

9 And at that time I didn't want anything
10 to do with it. And -- and that's the way I felt about
11 it. That was something between he and Mac.

12 If Mac wanted to advance the
13 discussions and -- and recommend that the two
14 companies join force, we, at some juncture, would have
15 an opportunity to evaluate that offer under the bylaws
16 or the -- the Certificate of Incorporation of the
17 merger agreement.

18 Q At this --

19 A That's all I can say about it.

20 Q At this juncture, using the two letter
21 dates, I'm talking about April 17th when you received
22 the letter, April 18th when you wrote the letter back,
23 you didn't -- you didn't particularly care for
24 Mr. Alarcon at that point, did you?

25 A At this particular juncture I was sick of

1 his threatening me and I reacted in a way to get him,
2 you know, to deal with who he should be dealing with
3 anyway, because it wasn't -- it wasn't our issue. We
4 would have the opportunity to evaluate the offer at a
5 time in the future.

6 And I was -- I was tired of him trying
7 to use me somehow to -- to try to bridge any problems
8 he had with Mac Tichenor.

9 I mean the problems that he had with
10 Mac Tichenor that I'm not privy to probably have
11 something to do with corporate governance. I don't
12 know that for sure. That is my guess.

13 But I wrote this letter specifically to
14 say stay away from me, your -- your business is with
15 Mac Tichenor.

16 Q And your view at the time was that HBC
17 should decide without any interference from Clear
18 Channel what would be its best course of action in
19 terms of a -- a corporate organization.

20 A We didn't have any -- we didn't have any
21 wherewithal to -- to -- to create the combination of
22 those two companies. I mean we were a minority,
23 passive investor with no -- no board members of our
24 own. How were we going to move forward on -- and take
25 any action?

1 It was the business of Hispanic
2 Broadcasting to evaluate this offer. And that's all I
3 was saying in the letter.

4 MR. DWYER: It's time to change the
5 tape.

6 THE VIDEOGRAPHER: This is the end of
7 tape two. We're off record. The time is 2:26.

8 (Interruption)

9 THE VIDEOGRAPHER: We're back on
10 record. This is the start of tape three. The time is
11 2:29.

12 Q Mr. Mays, now that you've looked at
13 Exhibit 103, does that refresh your recollection as to
14 whether you received a copy of Exhibit 102?

15 A I don't have Exhibit 103 yet.

16 Q 103 is the April 17th letter from Alarcon to
17 you.

18 MR. APODACA: Here you go.

19 Q Do you have in front of you 102, 103, and
20 104? That's what you were looking at before the
21 break.

22 A No.

23 MR. APODACA: Let's see. We've got
24 102.

25 THE WITNESS: I don't have 104.

1 MR. APODACA: 103. Let's see if that's
2 104. Yeah. 104.

3 A Here's 104. This is the letter that I was
4 discussing that I wrote that --

5 Q That's the April 18th letter, 104.

6 A That's true.

7 Q Okay. Now, if you look at -- if you look at
8 102, which is the March 25th --

9 MR. SUSMAN: Got it. Go easy.

10 MR. DWYER: Steve, can I resume?

11 MR. SUSMAN: Yeah. Excuse me.

12 Q Mr. Mays, if you look at Exhibit 102, which
13 is the March 25th, 2002 letter to Mr. Tichenor from
14 Mr. Alarcon, does the -- does your review of
15 Exhibit 103, which is Mr. Alarcon's April 17th letter
16 to you, refresh your recollection as to whether you
17 received a copy of Exhibit 102?

18 A Okay. Did I -- 103 suggests that I
19 received -- received which one?

20 MR. SUSMAN: No. 104 suggests --

21 Q No. 103 suggests that you received -- in
22 the second paragraph 103 suggests that you received --
23 that you were sent the SBS offer to HBC in the second
24 paragraph.

25 So my question is, do you believe that

1 Exhibit 102, which is the March 25th letter, is -- is
2 what was enclosed in -- in -- by Mr. Alarcon with his
3 April 17th letter to you?

4 A Yes, I presume -- well, April 17th. I'm
5 getting confused here with -- I'm back in February of
6 2002. Where is the --

7 Q The April 17th letter is Exhibit 103.

8 A Oh, okay.

9 Q Do you see in the second paragraph of
10 Exhibit 103 it says, as we discussed enclosed please
11 find the SBS offer to HBC, in the second paragraph?

12 A Yes.

13 Q Do you believe that Exhibit 102, the
14 March 25th letter from Alarcon to Tichenor, is what
15 was enclosed with Exhibit 103, Alarcon's April 17th
16 letter to you?

17 A I'm trying to see whether or not -- yes.

18 Q And in the second paragraph of Exhibit 103
19 it says, as we discussed, enclosed please find the SBS
20 offer to HBC.

21 Did Mr. Alarcon tell you in the
22 telephone call on April 17th that he was going to send
23 you the offer letter?

24 A I don't remember that he did. All I
25 remember is, please call Mac and -- and tell him that

1 we would like to combine the companies. At that
2 juncture -- you know, if you read these letters it
3 says, you know, as you would undoubtedly concur, this
4 alternative is much more preferable option as compared
5 to other courses of action.

6 In other words, if you don't, we will
7 take some action. And I just don't like to do
8 business like that. So at this juncture I'm turned
9 off from going business with him.

10 And I shouldn't be doing business with
11 him anyway. His business is with Mac Tichenor at
12 Hispanic Broadcasting. The only way he can combine
13 his company with Mac Tichenor's company is if Hispanic
14 Broadcasting agrees to it. And if they're going to
15 lay down under threats or whatever, that's none of my
16 business until it gets to us.

17 But at that juncture, and when I wrote
18 this letter, I just said simply, I'm sure that Mac
19 will, you know, give your offer any consideration
20 we -- you should consider us as a passive investor at
21 this time and period.

22 Q By this letter you're referring to
23 Exhibit 104 your April 18th letter?

24 A Yes.

25 MR. SUSMAN: Can I -- let me just tell

1 you what I think some of the source of the confusion
2 is, unless --

3 MR. DWYER: I'd rather actually just
4 proceed with the questioning and --

5 MR. SUSMAN: No. Is 103 -- what are
6 the Bates numbers on 103? Could I just find -- I
7 just -- would you tell me what the Bates.

8 MR. DWYER: Bates number on 103 is
9 SBS 020404.

10 MR. SUSMAN: It's a one-page exhibit?

11 MR. DWYER: Yes.

12 MR. SUSMAN: Do you have them up
13 there? What you handed me was a four-page exhibit
14 yesterday. I mean I don't understand. This is what
15 you handed me because I put my -- put the exhibit
16 number on it. That's the one that has the attached
17 proposal. But somehow --

18 MR. DWYER: Yes. I guess what's in my
19 book is a different one.

20 MR. SUSMAN: That's -- that's what I'm
21 saying, Bob. I mean --

22 MR. DWYER: So the exhibit --

23 MR. SUSMAN: It looks like the proposal
24 was attached to whatever you handed me yesterday.

25 MR. DWYER: Okay.

1 MR. SUSMAN: And I numbered it. And
2 maybe we ought to substitute this --

3 MR. DWYER: Why don't we --

4 MR. SUSMAN: This was produced from
5 your file.

6 MR. DWYER: Yeah. Why don't we deal
7 with that some other time.

8 MR. SUSMAN: Yeah. We can. I didn't
9 mean to interrupt you. I'm just --

10 MR. DWYER: Because I'm really past
11 what was attached.

12 MR. SUSMAN: Go ahead. Go ahead.

13 Q Did -- when you had your telephone call with
14 Mr. Alarcon before he sent you his April 17th letter,
15 did you -- did you tell him at that time that you
16 wouldn't talk to Mr. Tichenor?

17 A I don't remember what -- what I -- what I
18 told him.

19 Q Did you tell him you would talk to
20 Mr. Tichenor?

21 A I don't remember whether -- what I told him.

22 Q And so you don't -- do you remember whether
23 you said anything about your view as to whether
24 putting the two companies together was a good idea or
25 not?

1 A I've always thought it was something that
2 should be perceived. I don't know whether I told him
3 that or not. The fact of the matter is the business
4 that he needed to -- to direct was to Mac Tichenor,
5 not to me. And I was telling him that over a long
6 period of time, that this is an SBS/HBC issue.

7 Q And your view was that Clear Channel should
8 stay out of that.

9 A Clear Channel can give advice or talk to
10 them about any merger of this size perfectly within
11 our rights under the attribution agreement. But at
12 this juncture, April the 14th, April the 18th, I was
13 through talking to Mr. Alarcon because every other
14 letter is I'm going to sue you unless you help me.
15 And I don't do business that way, period.

16 Q Do -- did you have a personal reaction to
17 Mr. Alarcon at that time that made you think that you
18 didn't want to do -- have a deal done between HBC and
19 SBS?

20 A Absolutely not.

21 Q So if that had been the best deal for the
22 HBC shareholders you would have -- you would have
23 agreed to that?

24 A I think so. Sure. If it was the best thing
25 for the HBC shareholders and the Clear Channel

1 shareholders, I see no -- I see no problem. But it --
2 it just wasn't -- it wasn't something that we should
3 be involved in at that juncture because we had no
4 control over how HBC felt about merging with SBS. And
5 for me to be involved and for him to be threatening me
6 to force me to get involved was very, very distasteful
7 to me.

8 Q Were -- was Clear Channel trying to monetize
9 its interest in HBC at the time?

10 A Yes.

11 Q And so was HBC doing a deal something of
12 some interest to -- to Clear Channel at the time?

13 A I don't know.

14 Q Well, if --

15 A I have -- I have no -- no idea.

16 Q If HBC had done the transaction at the time
17 that resulted in the sale of all of HBC's shares,
18 would that have been something that Clear Channel
19 would have considered as a possible implementation of
20 its monetization strategy?

21 A I'm sorry. Repeat that. If --

22 Q If HBC had done a deal in the first half of
23 2002 that resulted in the -- in an offer for all the
24 shares of HBC stock, would that have been a possible
25 transaction?

1 A That was a -- sure. A cash offer for all of
2 the company, that would be a way to monetize our
3 investment, sure.

4 Q So that would have been something that you
5 would have -- you would have given consideration to.

6 A Yes.

7 Q And would a -- would an offer that would
8 have been cash for -- 50 percent cash, 50 percent
9 stock for all the HBC shares been something that you
10 would have given consideration to?

11 A Here again, I don't want like to pay -- play
12 what-if. It depends on what the stock is that we --
13 that we receive as -- as consideration. I understand
14 cash. I don't understand some stock.

15 I mean if you're talking about a
16 specific stock then that should be embedded in the
17 question.

18 Q Well, why don't we look back at --

19 A If you're asking me if half cash, half SBS
20 stock would have been a consideration, sure. If -- if
21 that would have been something that may or may not
22 have been of interest to us. It depended -- would
23 depend on the price. It would depend on -- the **most**
24 important thing, it depended on whether HBC wanted to
25 do the deal.

1 Q so --

2 A Because we can't do anything without HBC
3 being involved.

4 Q And they can't --

5 A And I don't think Mr. Alarcon understands.
6 He was threatening everybody and trying to get them to
7 do things that -- that was unproductive.

8 Q Well, isn't it true that you -- that Clear
9 Channel actually can do something with its HBC shares
10 without HBC's approval? You could sell your shares.

11 A Yeah. I think we have registration rights
12 to sell our -- our shares, sure.

13 Q Is it --

14 A I think so. Now, I'm not --

15 Q Is the converse true, that -- can HBC sell
16 all of its company without the approval of Clear
17 Channel?

18 A I don't think so, no.

19 Q You -- those are the rights we talked about
20 before.

21 A Yes.

22 Q The blocking right.

23 A That's correct.

24 Q If we turn back to Exhibit 102, which is the
25 March 25th Alarcon to Tichenor letter. When you got

1 that from -- from Mr. Alarcon in his April 17th
2 letter, did you -- did you look at the offer?

3 A I really don't remember. I probably sent it
4 on to Randall. I'm not sure whether -- how in-depth
5 at that particular time I looked at the offer.

6 Q Okay. You can put that aside.

7 I want to ask you a few questions
8 about --

9 A Let me --

10 Q Sorry?

11 A -- remind you that that was after, you know,
12 his threat of saying that he had hired a lawyer to sue
13 us based on such things as -- as misappropriating the
14 opportunity to acquire KSCA, which I said in earlier
15 testimony I did not even know that they were involved
16 in. So, you know, at this juncture, and I'm not a
17 happy camper.

18 Q You were angry at Mr. Alarcon as well.

19 A Well, I just don't like to do business with
20 people that use threats and then come around and try
21 to kiss and make up.

22 Q So you didn't want to do business with
23 Mr. Alarcon.

24 A I did not say that at all. I said in prior
25 testimony that absolutely we would consider an offer

1 from him, but that it was HBC's position to deal with
2 him. And if it was an effective way to monetize our
3 position, as I said earlier, we would of course
4 consider it.

5 Q Did you see your -- the interest of Clear
6 Channel and the interest of HBC being identical on all
7 possible monetization scenarios?

8 A Not necessarily, no.

9 Q There could be situations where the
10 interests of Clear Channel and the interest of HBC
11 would diverge.

12 A Yes. And I would presume that -- you know,
13 I hate to be repetitive, but we don't have anything to
14 do with running that company. We've been in
15 litigation with that company, speaking of HBC. And
16 I'm -- I am certain that if possible there could be a
17 divergence of interest.

18 On the other hand, we're both looking
19 out for our shareholders' interest.

20 Q So there also could be a -- there could be a
21 community of interest as well as a divergence of
22 interest.

23 A Sure.

24 Q What litigation were you referring to where
25 you've been with Clear Channel with HBC?

1 A Just minor litigation on copyright issues.
2 But, you know, it's indicative that we have, you know,
3 been at cross-purposes at times.

4 Q If you look at Exhibit 104, which is your
5 April 18th, 2002 letter to Mr. Alarcon --

6 A Uh-huh.

7 Q -- you -- that's your signature on this
8 document?

9 A That's correct.

10 Q And you say in the second sentence of the
11 first paragraph, I am sure Mac and his board will
12 seriously consider the proposal.

13 What was your basis for saying that?

14 A Well, I -- I would think that any time an
15 offer comes to a board the fiduciary interest is to
16 consider it.

17 Q Had you -- had you talked to Mr. Tichenor
18 about the -- the SBS offer?

19 A No. I never did.

20 Q So you never did before this and you never
21 did after this?

22 A I don't remember ever talking to him about
23 it.

24 Q If you go to the next paragraph the first
25 sentence says, as you know, Clear Channel is a passive

1 investor and can have no voice in this decision until
2 and unless it is brought to us for a vote.

3 What did you mean that Clear Channel is
4 a passive investor?

5 A What I meant here, and in an effort to -- to
6 close communication with Mr. Alarcon, I told him that
7 I was going to stay out of it. Obviously we could
8 voice our opinion at any time on -- on the offer. And
9 I'm not sure whether we did or whether we didn't. But
10 certainly we have a right to protect our -- our own
11 interests.

12 But I did not want to -- and maybe I
13 misstated this or went a little overboard, but I did
14 want to close him off. I wanted him out of
15 communication with me just simply because it was very
16 unproductive for me. And I don't know whether he
17 thought it was unproductive for him, or whether he
18 thought that this would give him another basis upon
19 which to give -- to threaten me with some other type
20 of behavior.

21 Q So is what you're saying here today that --
22 where you said that Clear Channel can have no voice in
23 this decision until and unless it is brought to us for
24 a vote, that that's not a true statement?

25 A I think I overstated -- I think I overstated

1 that. We certainly have the right to go to any
2 company and -- that we're passive in and give a
3 feeling about an offer. I don't know whether we did
4 or whether we didn't.

5 But as far as this communication with
6 him is concerned, I wanted him to believe that this --
7 just don't talk to me anymore, period.

8 Q You told him to buzz off.

9 A Yeah.

10 Q And when you used the word passive in that
11 sentence, are you using it in the same context as the
12 requirements -- the FCC requirements for
13 nonattribution?

14 A I'm -- yeah, I guess so. You know, we're --
15 we're passive in terms of -- of not being involved in
16 the operations of the company.

17 Q But you -- you -- you believe that it's
18 consistent with your FCC requirements of
19 nonattribution that you could talk to HBC about
20 possible transactions that was -- that it was
21 considering?

22 A As it relates to selling the company. I --
23 I feel comfortable that as far as the FCC is
24 concerned, I'm sure -- they approved the merger
25 agreement. They saw the blocking rights or -- that we

1 had in the merging -- merger agreement that they
2 approved.

3 So it would seem consistent to me that
4 it would be appropriate for them to assume that we
5 could block the sale.

6 Q Is what you're saying that as -- inasmuch as
7 Clear Channel has the Class E shareholder blocking
8 rights in the HBC Articles of Incorporation, that it
9 wouldn't make any sense for Clear Channel to have to
10 wait until HBC announced the deal to say no, that you
11 could talk to them in advance?

12 A Yeah. I -- I would say so, sure.

13 Q And you could tell them what -- what aspects
14 of the deal you did or didn't like?

15 A Yes. I think that would be very
16 appropriate.

17 Q And you could tell them why you preferred
18 one offer over other offers?

19 A I would think so. Yes. I don't know
20 that -- we did that at some juncture. I think both
21 offers we, I think, commissioned a study or something
22 along the way, and showed that to our directors.
23 And...

24 Q And your -- you believe your -- your -- your
25 right to do that relates to the fact that you have the

1 blocking right.

2 A Well, we just have the right as -- as
3 identified. If you ask if the FCC condones that, if
4 it's under FCC regulations, the answer to that, I
5 presume, is yes because they approved the document.

6 Q And -- and it's your view that -- I mean
7 since HBC couldn't do a deal without your approval,
8 that it only makes sense for you to talk to them about
9 the possibilities beforehand.

10 A I didn't -- I didn't say that at all. We
11 could or we couldn't. It didn't --

12 Q Yeah. You would agree that this only
13 makes -- you would agree that HBC can only do a deal
14 in which they're not the surviving company if it gets
15 Clear Channel's approval.

16 A I think that's what the -- the agreement
17 says.

18 Q And in the case of the Univision/HBC
19 transaction, Clear Channel signed an agreement with
20 Univision that said that Clear Channel would vote for
21 the merger. Is that right?

22 A That's my understanding.

23 Q And what -- did Clear Channel get anything
24 for agreeing to do that?

25 A No.

1 Q Were there any registration rights that
2 Clear Channel got?

3 A We already had registration rights.

4 Q You had registration rights of your HBC
5 stock.

6 A Yeah. So we didn't get anything.

7 Q So your -- you didn't get anything in
8 exchange for signing the voting rights agreements with
9 Univision?

10 A Nothing.

11 Q so --

12 A To my knowledge, you know. I did not see
13 that voting rights agreement. But certainly we got
14 registration rights. We had those already.

15 Q And so would you say in the -- in the last
16 part of this second paragraph where you say, so we
17 must remain ever vigilant in following the rules of
18 our ownership stake in HBC and stay passive in this
19 issue, unless and until it is presented to us for a
20 vote, only at that time can we make our voice heard --

21 A That is overreaching what I believe our
22 position is, here again, as I said a while ago, to
23 tell him I'm not going to deal with him anymore. And
24 I probably said that too strongly because that's not
25 really what I believe.

1 Q And, in fact, that's not what you did.
2 Right?

3 A I'm not -- I'm not sure. I don't -- I think
4 there was some discussion with HBC about both offers.
5 I remember seeing a investment banking presentation.
6 I remember handing it to our directors on the
7 valuation of each of the two offers. And so, yes, we
8 were involved in -- in that.

9 Q Would you agree that it is not true that
10 Clear Channel stayed passive in the spring 2002
11 discussions that HBC was having about possible
12 business combinations until they were presented to
13 Clear Channel for a vote?

14 A Well, passive, as far as our FCC agreement
15 is concerned, is we don't have anything to do with
16 running the company in terms of the operations of --
17 of the company.

18 Now, being passive and never talking to
19 anybody about whether or not they should sell the
20 company or to -- who they sell the company to is not
21 my definition there.

22 And, as I say again, maybe this letter
23 says some things in a way that could be
24 misinterpreted. But it didn't matter to me because I
25 thought it was strong enough to -- to get him to quit

1 dealing with me because I was tired of it.

2 Q Well, would you agree that Clear Channel
3 made its voice heard to HBC in connection with the
4 Univision proposal in the spring of 2002?

5 A I presume that they did. I'm sure they made
6 their position known as far as -- as far as the SBS
7 proposal was concerned, I know that -- that we had a
8 meeting right here in this room of other ways to
9 monetize the investment.

10 And at that juncture they certainly
11 knew we were in favor of doing that and -- and, yes, I
12 would presume that we did have discussions with them
13 about the offers.

14 And I'm sure they probably had -- I'm
15 not sure, but they may have a copy of the -- the
16 Salomon Smith Barney evaluation of the two proposals.
17 And I'm not aware of whether or not they
18 individually -- I have never seen anything where they
19 evaluated both. But I'm sure that they did and we
20 have a copy somewhere that I haven't seen. But...

21 Q You talked about the fact that Clear Channel
22 was considering a variety of monetization proposals at
23 this time concerning its interest in HBC.

24 Did -- were you present at
25 presentations made by investment bankers or your

1 finance staff concerning various monetization
2 proposals?

3 A Parts of them, yes. We've been talking
4 about monetizing this investment for quite -- quite
5 some time. And it -- and it would be ranging from
6 selling a convertible security, convertible into
7 shares of HBC, to the sale of our stock through
8 investment bankers directly that had nothing to do
9 with either SBS or -- and there were all sorts of
10 considerations that we have been talking about in our
11 board meetings for some time.

12 Q In the spring of 2002 did Clear Channel's
13 board conclude that the Univision proposal to HBC was
14 the best way that Clear Channel had of monetizing its
15 interest in HBC?

16 A Yes.

17 Q And -- and that was one of the reasons that
18 Clear Channel agreed to enter into the voting
19 agreement with Univision?

20 A Yes.

21 Q Now, you -- you said you wrote the April
22 18th letter to Mr. Alarcon to basically stop -- get
23 him to stop calling you?

24 A Yeah. And threatening me and being abusive
25 and --

1 Q Well, when you say being abusive, did he
2 raise his voice or use vulgar language or anything
3 like that?

4 A Can I read you one of these letters? I mean
5 it is abusive to me for him to say that we did
6 something that we didn't do and repeat it and -- over
7 and over, and then threaten us with lawsuits, and then
8 make an offer, and then if we didn't accept the offer
9 they didn't threaten again with lawsuits, that is
10 abusive to me.

11 Q That's what you mean by abusive.

12 A Yes.

13 Q Okay. Did --

14 A Plus his tone of conversation in the last --
15 in the last conversation.

16 Q By tone you mean -- what do you mean by
17 tone?

18 A Well, I mean -- I mean exactly the same --
19 same thing. It was, you know, in a very nice way he
20 says, if you can't, you know, get this done with Mac,
21 we're going to sue you.

22 Q But you weren't talking about raising his
23 voice or using foul language. You're just talking
24 about the substance.

25 A I don't remember whether he raised his voice

1 or not. I didn't.

2 Q In -- if you wrote him -- if you wrote
3 Mr. Alarcon the April 18th, 2002 letter did you
4 succeed in getting him to stop calling you?

5 A I think that's the last -- I feel quite
6 certain that's the last time I ever heard -- heard
7 from him. I'm not sure, but...

8 Q After that he didn't call, he didn't write,
9 he didn't come to see you.

10 A I don't -- I don't remember.

11 Q so --

12 A I didn't want to remember.

13 Q The -- from your perspective, the April 18th
14 2000 letter had the desired effect of getting
15 Mr. Alarcon to stop seeing if Clear Channel could be
16 a -- a conduit for him to do negotiations with HBC.

17 A And I don't know whether he -- what the
18 negotiations were from -- from there or whether it was
19 successful or not. I don't remember talking with him
20 after -- after this letter.

21 Q **Do** you think he had the -- Mr. Alarcon had
22 the impression that Clear Channel, based on this
23 letter, was going to stay out of -- of the
24 consideration and let HBC just make the decision by
25 itself?

1 A I have no idea. That's a question you
2 should ask him.

3 Q So you don't know -- you don't whether your
4 letter of April 18th, in addition to leading him to go
5 away from talking to you, also led him to believe that
6 Clear Channel wasn't talking to anybody else about a
7 business combination with HBC?

8 A I have no idea.

9 Q You can put that document aside.

10 A (Witness complies.)

11 THE WITNESS: I think I'll just keep
12 these here.

13 MR. DWYER: If the witness could be
14 shown Exhibit 89 which is the Pages 30 through 33 of
15 the Amendment 1 to the S-4 of Univision.

16 A Do you want me to read this?

17 Q I just want to ask you questions about a few
18 things.

19 First of all, have you -- did you ever
20 read the Amendment 1 to Univision's S-4?

21 A I think I have seen this, yes.

22 Q Okay. If you look at -- I just want to ask
23 you about a couple of things. One is if you look at
24 Page 30, fourth paragraph on the end of Page 30 which
25 begins, March 19th, 2002, do you see that?

1 A Uh-huh. Yes, I do.

2 Q Did you know prior to your writing the April
3 18th, 2002 letter to Mr. Alarcon that Randall Mays had
4 sent Andy Hobson of Univision a letter -- an e-mail
5 requesting that --

6 A No, I did not.

7 Q Did not.

8 Did you -- did you subsequently learn
9 that other than reading it in the S-1?

10 A No. I didn't know it until I happened to
11 see this recently.

12 Q In the next paragraph did you know that
13 Fehmi Zeko of Salomon Smith Barney had called
14 Mr. Hobson about whether Univision would be interested
15 in acquiring Clear Channel stake in HBC?

16 A No.

17 Q And in the -- in the next paragraph do I
18 correctly assume that you -- you -- if you didn't know
19 about your son, Randall's, e-mail to Mr. Hobson, you
20 didn't know about Mr. Hobson's e-mail back?

21 A No.

22 Q And then if the turn to the top of the next
23 page, Page 31, in the first full paragraph, the one
24 that starts, over the next three weeks, the second
25 sentence says, on April 10th, 2002 during the National

1 Association of Broadcasters Convention in Las Vegas
2 Mr. Hobson met Mr. Mays by coincidence, a conversation
3 ensued in which Mr. Mays raised the possibility of a
4 potential transaction between Univision and Hispanic
5 Broadcasting.

6 Do you see that?

7 A Yes. I see that.

8 Q Did you -- were you -- did you attend that
9 National -- that NAB convention?

10 A I'm not sure -- I -- I don't -- that was
11 this past year and I don't think I was at that
12 convention so he must be referring to Randall.

13 Q Oh, he is referring to Randall. But I'm
14 just saying -- I just want to know if you were at
15 that -- if you were at that convention as well.

16 A I'm not sure whether I was at that
17 convention. I generally make those conventions but
18 I'm not sure I was there.

19 Q Prior to writing your April 18th letter to
20 Mr. Alarcon were you aware that Mr. Mays and
21 Mr. Hobson had met at the NAB convention in Las Vegas
22 and discussed the possibility of a potential
23 transaction between Univision and HBC?

24 A No.

25 Q And when did you first became [sic.] aware

1 that -- of that meeting and that conversation?

2 A Sometime -- sometime after -- after that. I
3 am not sure exactly when the request to compare the
4 two offers, and I don't know whether that was done
5 for -- for us or for HBC. I presume it was done for
6 us.

7 But there was some discussion, as I
8 remember it, and I'm not sure about this, at our -- at
9 our board meeting in discussing the monetization of --
10 and whether it was talking about Univision or the fact
11 that somebody was going to make a presentation, I
12 don't know. So I better plead ignorance on anything
13 to do with -- with knowing about that until later in
14 the spring.

15 Q Just so I'm clear, did you -- you didn't
16 know about the -- the meeting between Randall and
17 Hobson on April 10th --

18 A No.

19 Q -- when it occurred.

20 A No.

21 Q And you didn't know about it when you wrote
22 your April 18th letter.

23 A I don't -- I don't know whether I --
24 whether -- I don't think so.

25 Q Did you first learn about it when -- when

1 A Well, I think -- and this has nothing to do
2 with -- with running the company. I think the
3 Articles of Incorporation say that if there is a
4 change of control we have the right to approve it. I
5 mean it doesn't give us any more latitude, I believe,
6 than that.

7 Q In -- in considering monetizing Clear
8 Channel's interest in HBC by selling its block of HBC
9 Class B shares to a -- another company, were you aware
10 of any consideration given by Clear Channel to asking
11 for a premium over market for that block as a result
12 of the blocking rights?

13 A No.

14 Q Were you aware of any consideration of
15 asking for a premium over market for the sale of that
16 block without regard to the reason?

17 A I don't remember any, no.

18 Q Would you have agreed to go forward with
19 Clear Channel's investment in HBC if you hadn't had
20 the -- those blocking rights?

21 A I don't know whether we would or not.

22 Q Did the Clear Channel board, other than the
23 receipt of the SSB comparison, ever discuss the
24 relative merits of the SBS and Univision proposals?

25 A I'm sure they did.

1 Q Do you recall --

2 A In fact, I remember discussing that with
3 some of the directors.

4 Q Do you remember the substance of any of that
5 discussion?

6 A Just discussing the -- the valuation model.

7 Q Do you know whether anyone at Clear Channel
8 has ever done anything to try to limit coverage of SBS
9 stock by the securities analysts?

to A No.

11 Q Do you know whether anyone at HBC has ever
12 done that?

13 A I don't know.

14 Q Do you have any knowledge of the -- any --
15 do you have any knowledge of the SBS transaction with
16 the International Church of the Four Square Gospel
17 concerning a radio station in Los Angeles that was
18 KFSG that is now KXOL?

19 A No. I knew nothing about that until I read
20 it in the press.

21 Q Did Clear Channel ever participate in
22 negotiations concerning the purchase of Eldorado
23 Broadcasting in Texas by HBC?

24 A Not to my knowledge.

25 Q Do you know of any involvement by Clear