

DEPARTMENT OF JUSTICE

Antitrust Division

Response to Public Comments on the Proposed Final Judgment in United States v. Univision Communications Inc.

Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), the United States hereby publishes the two public comments on the proposed Final Judgment in *United States v. Univision Communications Inc.*, Civil No. 1:03CV00758, filed in the United States District Court for the District of Columbia, together with the responses of the United States to the comments. On March 26, 2003, the United States filed a Complaint alleging that Univision Communications Inc.'s proposed acquisition of Hispanic Broadcasting Corp. would substantially lessen competition in the sale of advertising time on Spanish-language radio stations in many geographic markets, in violation of Section 7 of the Clayton Act. The proposed Final Judgment, filed at the same time as the Complaint, requires Univision to exchange its Entravision shares for a nonvoting equity interest, divest a substantial portion of its ownership in Entravision, give up its seat on Entravision's Board of Directors, eliminate certain rights Univision has to veto important Entravision actions, and restrain certain conduct that would interfere with the governance of Entravision's radio business. The proposed Final Judgment particularly requires Univision, presently owning approximately thirty percent of Entravision, to divest down to fifteen-percent ownership within three years, and ten-percent ownership within six years. Public comment was invited within the statutory 60-day comment period. The public comments and the responses of the United States thereto are hereby published in the **Federal Register**, and shortly thereafter these documents will be attached to a Certificate of Compliance with Provisions of the Antitrust Procedures and Penalties Act and filed with the Court, together with a motion urging the Court to enter the proposed Final Judgment. Copies of the Complaint, the proposed Final Judgment, and the Competitive Impact Statement are currently available for inspection in Room 200 of the Antitrust Division, Department of Justice, 325 Seventh Street, NW., Washington, DC 20530 (telephone: 202–514–2481) and at the Clerk's Office, United States District Court for the District of Columbia, 333

Constitution Avenue, NW., Washington, DC 20001. (The United States' Certificate of Compliance with Provisions of the Antitrust Procedures and Penalties Act will be made available at the same location shortly after they are filed with the Court.) Copies of any of these materials may be obtained upon request and payment of a copying fee.

J. Robert Kramer II,

Director of Operations, Antitrust Division.

In the United States District Court for the District of Columbia

Civil Action No. 1:03CV00758; Judge: Hon. Rosemary M. Collyer

United States of America, Plaintiff, v. Univision Communications Inc., and Hispanic Broadcasting Corporation, Defendants, Response to Public Comments

Pursuant to the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(b)–(h) ("Tunney Act"), the United States hereby responds to the public comments received regarding the proposed Final Judgment in this case. After careful consideration of these comments, the United States continues to believe that the proposed Final Judgment will provide an effective and appropriate remedy for the antitrust violation alleged in the Complaint. The United States will move the Court for entry of the proposed Final Judgment after the public comments and this Response have been published in the **Federal Register**, pursuant to 15 U.S.C. 16(d).

On March 26, 2003, the United States filed the Complaint in this matter alleging that the proposed acquisition of Hispanic Broadcasting Corporation ("HBC") by Univision Communications, Inc. ("Univision") would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18.

Simultaneously with the filing of the complaint, the United States filed a proposed Final Judgment and a Stipulation signed by the United States and the defendants consenting to the entry of the proposed Final Judgment after compliance with the requirements of the Tunney Act. Pursuant to those requirements, the United States filed a Competitive Impact Statement ("CIS") in this Court on May 7, 2003; published the proposed Final Judgment and CIS in the **Federal Register** on May 21, 2003; and published a summary of the terms of the proposed Final Judgment and CIS, together with directions for the submission of written comments relating to the proposed Final Judgment, in the Washington Post for seven days on May 23, 2003, through May 29, 2003.

The 60-day period for public comments, during which two comments were received as described below, expired on July 23, 2003.¹

I. Background

As explained more fully in the Complaint and CIS, this transaction raised competitive concerns relating to the sale of advertising time on Spanish-language radio stations in several geographic markets. HBC is the nation's largest Spanish-language radio broadcaster. Univision, the largest Spanish-language media company in the United States, owns a significant equity interest, and possesses governance rights, in Entravision Communications Corporation ("Entravision"), another Spanish-language media company that is HBC's principal competitor in Spanish-language radio in many markets. The Complaint alleges that, due to Univision's substantial equity interest and governance rights in Entravision, Univision's proposed acquisition of HBC would substantially lessen competition in provision of Spanish-language radio advertising time to a significant number of advertisers in several geographic markets in the United States.

The proposed Final Judgment, if entered, would require Univision to reduce its equity interest in Entravision to 15 percent of the outstanding shares within three years from the filing of the proposed decree and to 10 percent within six years of such filing. The proposed decree would also require Univision to convert all of its Entravision equity into a nonvoting class of stock; to relinquish its right to place directors on Entravision's Board of Directors; to eliminate certain of Univision's rights to veto important Entravision actions; and to refrain from certain conduct that would interfere with the governance of Entravision's radio business.

Entry of the proposed Final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof.

¹ On September 22, 2003, the Federal Communications Commission announced that it granted Univision's and HBC's applications for transfer of control that were required in order for the transaction to proceed. See Memorandum Opinion and Order, FCC 03–218 (located at <http://hraunfoss.fcc.gov/edocs/public/attachmatch/FCC-03-218A1.pdf>). Univision and HBC closed their merger the same day.