May 4, 2005
5:00 p.m. ET

Operator: Good day everyone, and thank you for your patience. Welcome to the Univision first quarter earnings call. Some of the information discussed today will contain forward-looking statements within the meaning of the Private Securities and Litigation Reform Act of 1995.

These statements involve risks and uncertainties, including those relating to Univision's future success and growth. Actual results may differ materially due to risks and uncertainties as described in Univision's filings with the Securities and Exchange Commission.

Univision assumes no obligation to update forward-looking information discussed on this call. Financial results for the first quarter of 2005 given on today's call will be discussed both on a consolidated basis and adjusted to exclude the revenues and operating expenses of variable interest entities which the company was required to consolidate the second quarter of 2004. The consolidation of the variable interest entities had no impact on the company's net income or earnings per share. The variable interest entities are more fully described in Note 15 to the financial statements included in Univision's 2004 report of Form 10-K.

On today's call we have Ray Rodriguez, President and Chief Operating Officer; Jeff Hinson, Chief Financial Officer; Andy Hobson, Senior Executive Vice President and Chief Strategic Officer; and Diana Vesga, Vice President.

At this time, I'd like to turn the conference over to Ray Rodriguez. Mr. Rodriguez, please go ahead.

Ray Rodriguez: Thanks, Operator, and good afternoon everyone. Thank you for joining us today. This was yet another terrific quarter for Univision Communications. Our strong operating performance was the result of the independent successes of our industry-leading businesses as well as the synergies realized among them.

The Univision Network performed particularly well in the first quarter. It reached record audience levels, putting even more pressure on the competition -- and by competition, I mean the English language networks. TeleFutura also kept the pressure on by beating Telemundo in key dayparts and demos.

Our local television and radio stations continue to work very effectively together and benefited from cross-promotion, as many of them ranked as the top stations in their markets regardless of language and among all audiences, whether Hispanic or non-Hispanic.

I'm pleased to say that we're entering the upfront in our strongest competitive position ever, and we have great expectations for what the season will bring. While the English language networks are consistently losing viewers, we continue to gain viewers in astounding numbers.

Our numbers are the proof that Hispanics, including young, bilingual Hispanics, are choosing to be entertained and informed in Spanish, and our formula of reaching this exploding population through our television, radio, music and on-line assets is working very well.

Now, let me take a moment to highlight the first quarter performances of each of our divisions, starting with the Univision Network. As you read in our release, not only was our primetime audience the largest in our Network's history among almost every demographic, but on three out of every four nights in the quarter, our Adult 18 to 34 audience was larger than at least one of the Big Four English language networks.

That means 75 percent of the time we beat one of the Big Four in total audience among all 18 to 34 year olds in this country, Hispanics and non-Hispanics. And while every quarter I tell you about Univision being number one in some of our local markets, we've now begun to see this on a national basis.

Univision beat every network in the country to become the number one broadcast network overall on 12 nights of the quarter in primetime among Adults 18 to 34. To put it in context, this didn't even happen once last year, so we think it is truly a great achievement to do it 12 times in one quarter.

I know it's confusing sometimes, and you may be thinking that I'm referring to just Hispanic audiences, but I'm not. I'm talking about all viewers in the U.S., which means that more often than not in the first quarter Univision had more 18 to 34-year-old viewers than either ABC, CBS, NBC, or FOX.

As for 18 to 49 year olds, the Network also performed extremely well, increasing its audience 39 percent in primetime and 21 percent in total day -- incredible growth off an already large base. As a point of interest, Univision added more primetime viewers in the first quarter than Telemundo's entire 18 to 49 primetime audience.

On a local level, Univision stations beat the local affiliates of the Big Four in addition to all other English and Spanish language competitors in primetime in Los Angeles, Houston, Fresno, and Bakersfield among all viewers 18 to 49 and 18 to 34 in the February sweeps. In total day, Univision stations were number one in those same markets, plus Phoenix. And we tied for number one in Miami, Dallas, and Tucson among adults 18 to 49.

The TeleFutura Network kept the heat on Telemundo in the first quarter showing strength in total day and maintaining its number two Spanish language network spot in other key dayparts and demos. In total day, the network ranked in a virtual tie with Telemundo for the number two spot among Hispanic Adults 18 to 34, reaching its highest ever first quarter audience levels in that demo.

TeleFutura surpassed Telemundo and was the number two broadcast network overall, regardless of language and behind only Univision in early morning, daytime and weekend daytime among Hispanic Adults 18 to 49 and 18 to 34.

Our cable network Galavision also had a terrific quarter, increasing its 18 to 49-year-old audience 27 percent in total day. Galavision once again out-delivered all other 14 measured Spanish language cable networks combined in primetime and total day among Hispanic Adults 18 to 49.

Now moving on to our radio business, the stations continued to capitalize on their partnerships with our local TV stations and online properties to execute successful cross promotion and integrated content efforts. As you know, Adults 25 to 54 is the most sought after age demographic by radio advertisers, and it is in the demographic where we showed strength in the Winter book.

Out of the 17 markets in which we operate, all but three of those markets reported Winter book results as of yesterday. Of the 14 markets for which we have winter ratings, Univision Radio has the number one stations in four markets and the number two stations in four markets among all Adults 25 to 54, Hispanic or non-Hispanic.

Many of our radio stations did very well this book, but I especially want to share with you the results from Los Angeles since it is such a huge market. Univision Radio now has the number one and number two ranked stations among all Adults 25 to 54 in the entire LA market.

KLVE moved to the top position while KSCA ranked second, bolstered by its number one ranked morning show and a new and growing afternoon show. In the Winter book, we had the number one morning show across all key demographics in all of Los Angeles among Hispanics and non-Hispanics.

This is a decisive win for Univision Radio and for our Los Angeles team, and we expect to see continued success there. Univision Radio increased its Adult 25 to 54 audience share in LA by eight percent compared to the same book last year.

Our Los Angeles formats now capture approximately 13 percent of all radio listening shares in Los Angeles among Adults 25 to 54. Univision Radio has maintained this level of audience share for two books now, which represents the highest share we have had since 2001. All three of our FM stations are now ranked as top 10 stations among all stations in Los Angeles among adults 25 to 54.

Turning now to our music division, which had an outstanding first quarter achieving its highest ever quarterly revenues. The overwhelming popularity of our labels and artists resulted in the highest ever album sales for Univision Music in the quarter.

Based on Soundscan data, we estimate our share of Latin music sales in the first quarter at 35 percent, with our closest competitor at 21 percent. Our artists won five Premio Lo Nuestro awards in February, and after receiving the most ever Billboard Latin Music Award nominations, our artists took home 14 awards at the show last week.

First quarter brought growth to Univision Online as well. Univision.com added new major advertisers to its roster and page impressions increased 44 percent. Unique visits increased 33 percent over last year. As you may know, we reached a very important milestone in our online division during the first quarter. Univision.com became the first Spanish language website to be accredited by the Media Ratings Council.

The accreditation verified that key traffic measures of Univision.com comply with the MRC's Minimum Standards for Media Rating Research and the Measurement Guidelines of the Interactive Advertising Bureau. This means that our advertisers can rest assured that they are getting the best possible information from us.

Now let me turn the call over to Jeff for our financial overview. Jeff?

Jeff Hinson: Thanks, Ray, and good afternoon. Univision posted outstanding first quarter operating results and exceeded first quarter guidance for net revenues, operating income before depreciation and amortization, and EPS. The Company delivered strong net income growth of 41% to $44.5 million and diluted EPS of $0.13 per share, up from $0.09, exceeding our guidance of $0.10 to $0.11 per share.

Excluding the effect of the VIEs, first quarter net revenues increased 14%, exceeding our guidance of low double-digit percentage growth. Our business delivered very strong operating leverage by increasing operating income before depreciation and amortization by 24%, substantially exceeding our guidance of mid-teens percentages.

I will now provide financial results for each of our businesses. Excluding the effect of the VIE, television net revenues grew close to 10% in the first quarter, significantly outpacing the television industry, which we estimate was down low to mid-single digits, and operating income before depreciation and amortization increased by 16%.

Our television network business grew revenues by 7%, a substantial improvement over fourth quarter revenue growth, on the strength of the beverage, financial, and restaurant categories. Our television station business grew revenues by 13%, led by strong performance in key markets such as Los Angeles, Miami, Houston, and San Francisco.

Excluding the effects of the VIE, television operating expenses grew by 7%, primarily due to purchased or in-house produced programming, sports rights fees and increased sales expenses.

Univision Radio generated industry-leading net revenue growth of 13%and same-station growth of 11%compared to the radio industry's first quarter revenue growth of 2% as reported by the Radio Advertising Bureau. First quarter revenue growth reflected broad-based strength in local, national, and network business. RadioCadena, our AM news talk network launched in 2004, also contributed to the strength in our business.

Excluding the effect of the VIE, our music business increased revenues by 59% and operating income before deprecation and amortization for the quarter more than quadrupled. Music's strong first quarter performance was driven by the successful release of several compilation albums and artist releases.

During the first quarter, Univision Online continued to improve its performance, increasing revenues by 31% and reducing its operating loss before depreciation and amortization by 57%.

Income tax expense for the quarter was $29.2 million, of which $10.8 million represents deferred tax expense. Cash taxes were $15.5 million.

Capital expenditures for the quarter totaled $16.8 million, of which $9.9 million represented facilities expansion and upgrades and the remaining $6.9 million represented normal maintenance expenditures. At March 31, 2005, outstanding indebtedness, including capitalized leases, totaled $1.2 billion. Excluding $25.1 million of cash from our VIEs, our cash position totaled $233.8 million.

In compliance with Regulation FD of the Securities and Exchange Commission, we provide guidance on our conference calls such as this one. We estimate that net revenues for the second quarter will grow in the mid-single digit percentages, and operating income before depreciation and amortization is expected to increase by mid to high-single digit percentages.

Our second quarter revenue growth guidance implies industry-leading growth for television and radio as we estimate that the television industry revenue growth will be down mid to high-single digits in the second quarter 2005 and radio industry growth will be in the low to mid-single digits.

Our second quarter 2005 revenue growth is even more impressive because we are measured against the strong performance our business achieved in the second quarter of 2004. To refresh your memory, during the second quarter of 2004, our television business excluding VIEs, grew net revenues by 17% versus 8% for the television industry.
It was even more impressive given that political revenue contributed less than one percentage point of our television revenue growth in the quarter, while it contributed approximately half of the revenue growth of English-language television broadcasters. Also, our radio business grew net revenues by 19% on a pro forma basis in the second quarter of 2004, versus 2% for the radio industry.

EPS is expected to range from $0.24 to $0.25 per share compared to $0.24 per share in last year's second quarter. Last year we booked a $4.7 million tax benefit in the second quarter, which increased EPS by $0.01 per share.

As you know, in February we announced a plan to repurchase up to $500 million of our outstanding Class A common stock during 2005. During the quarter, we repurchased 684,800 shares for $18.5 million. From April 1st through April 30th of 2005, we repurchased 2,713,000 additional shares for $71.2 million. We have approximately $410 million remaining under the share repurchase plan. Our strong balance sheet and cash flow allows us to continue to repurchase our common stock while pursuing station acquisitions such as Puerto Rico and maintain credit ratios deserving of a Triple B rated company.

With that, we would be happy to take any questions.

Operator: The question and answer session will be conducted electronically. If you would like to ask a question, please press the star key followed by the digit one on your telephone. For those of you joining us on speakerphones, please remember to turn off your mute function before signaling for a question. Once again if you would like to ask a question, please press star one now. We'll pause for just a moment. And once again if you would like to ask a question, please press star one now.

Our first question comes from Victor Miller of Bear Stearns.

Victor Miller: Good afternoon. Thank you for taking the call. I have two questions. First of all, in terms of the Upfront process, obviously Telemundo, you didn't mention their ratings, I imagine they're down. The question is do you expect that Telemundo will do any moves towards grabbing share in the Upfront? And then, how do you get paid for the size of the ratings increases you have? Obviously, you're going to – it will be difficult to ask for the type of commensurate rate increase, I would think, but maybe you can talk about that and how you might package it with the World Cup.

The second question I have is how should we look at the rhythm of the sales during the year? Obviously the second quarter you consider to be the toughest comp with the TV up 17%, radio up 19%, and you've had teens growth in first quarter mid-single digits in the second quarter per your guidance. What does the rhythm look like in terms of how we should be looking at third and fourth quarter, in terms of what was difficult comp versus easy comp for the rest of the year as we model out the rhythm of the entire year for sales. Thanks.

Andrew Hobson: OK, Victor. Thank you. With the Upfront we feel very good. We are in the best competitive position we've ever been in, and we're enjoying very good momentum on the ratings front. We monetize those ratings simply by unit rates. Advertisers don't mind paying more for thousands. What they mind paying is greater cost per thousand. So we'd be giving advertisers more at a fair rate. So I think we'll be successful in both monetizing that ratings growth as well as taking share from Telemundo and other participants in the Upfront market, including those in the English-language.

As it relates to the seasonality of our business, clearly the second quarter was the toughest comp for us this year. We were overcoming a quarter where we experienced 17% television growth, 19 % ratings growth, and trying to overcome the decline of the long-distance business, which we talked about at the end of the year. As you recall, in the fourth quarter that business went away, yet in 2004 it existed in the first three quarters of the year. So, in the first quarter we overcame about $5 million of that decline, and in the second quarter we have to overcome $11 million of that decline. So again, it's another weight on our growth in the quarter.

As we go prospectively through the year, the seasonality of our business is such now that the second quarter has become our biggest quarter. And the remainder of the year the growth rates will reflect the easier comps as we get through the year, and you'll see an acceleration of our business from the second quarter through the end of the year.

Victor Miller: That's very helpful. Thank you, Andy.

Operator: Our next question comes from David Miller of Sanders Morris Harris.

David Miller: Yes. Good afternoon and congratulations on the very strong results. Ray, could you just talk about the World Cup for a second, as it applies to how you're going to price it, if at all, in this particular Upfront? And also, do you plan, from a strategic perspective, to repurpose the most popular match on TeleFutura. I think you did a pretty good job doing that three and a half years ago when the most popular match was repurposed on TeleFutura. But I think you did that because of the time differential or time delta with the games being played over there in Japan and Korea. Given that the games are being played in Europe this time, do you see yourselves broadcasting these things live? And will you sell it as such in the Upfront, or do you see repurposing the most popular match on TeleFutura? Thank you very much.

Ray Rodriguez: Thank you, David. First of all, precisely for the reason that you cited, that this World Cup is going to be in Germany, and therefore the games are going to be in very good time periods versus what they were in the middle of the night and in the early, early morning, pre-dawn, obviously that's going to have a very beneficial effect on the ratings. So we will be pricing the World Cup much, much higher than we did in the past. As far as the repurposing, what happens is there are 64 games, and so the 64 games there is – last year, I believe that there were 8 games that were being played at the exact same time as some other games. So what we did was– we chose one of the games to go on Univision, another one of the games to go on TeleFutura, and people had the choice. Then on top of that, we then gave Galavision, our cable network, a run at the games, and they chose the best game of the day and they put it on in primetime. We've really got this thing covered from A to Z. So, we're expecting great things from the World Cup this year.

David Miller: OK. Thank you very much.

Operator: Our next question comes from David Bank with RBC Capital.

David Bank: Thanks. Good afternoon. Great audience numbers.

Andrew Hobson: Thank you, David.

David Bank: I guess the question I have is if you took away the effect of the really difficult comp in the second quarter, would you say that aside from the financial comparison, is the tone of business pretty much the same as it was in the first quarter? And has it materially changed in the past several weeks? So, does it feel as strong, or stronger than it did as you were heading into the quarter? If we normalize for the comp, are we basically talking about the same kind of quarter as you had in the first quarter?

Andrew Hobson: I think that the tone of business that we're experiencing throughout our company, on the radio side has dramatically improved over the last three to four weeks. On the station side, that is a similar response, putting aside this big decline in the long distance money. And on the network, I think it's the same first quarter versus second quarter. So overall I think we're seeing an improvement in our business. And the comp and this big long distance hole we have to work through, to be fair we were extremely successful with long distance advertising. And we loved it when we got it and we hate it now, but it is what it is. So we have to work harder and get new players in the category, and wireless, to overcome that hole. Unfortunately, it's all over the third quarter and then, we don't have that comp any more.

David Bank: OK. Thank you very much.

Andrew Hobson: You're welcome.

Operator: Our next question comes from Bill Meyers with Lehman Brothers.

Bill Meyers: Thanks. A few quick questions. First off, auto advertising, it's been fairly slow for the general market but it was very strong for Entravision that reported last night. What have you seen across your TV and radio platform for that important advertising category? That's number one.

Number two, if you could provide an update on the closing date for Raycom, and if you've gotten any word from Televisa or Venevision about their interest in buying a stake in that asset. And then, just lastly, if you can update us on your dispute with Televisa over the royalty payments. The dollars in question, are they at all material? Is there something we should be concerned about? Or just give us some kind of update in terms of the current discussions. Thank you.

Andrew Hobson: OK. As it relates to the automotive category, the automotive category has been a positive contributor to our growth, particularly at the station level, although the network, television network, is also experiencing very positive trends. Radio, Jeff?

Jeffrey Hinson: Radio's the same. The first quarter was very good.

Andrew Hobson: So auto's been a big plus for us. As it relates to our acquisition in Puerto Rico, there hasn't been a great deal of change since our last call. We have received early termination of Hart-Scott-Rodino and we're still pending at the FCC. Given there is only partial staff at the FCC, we don't expect real quick resolution on that. But probably some – if we had to guess, some time in the third quarter. The final question about our...

Bill Meyers: I'm sorry, Andy, what about Televisa and Venevision, and their interest in taking a piece of that?

Andrew Hobson: Under the agreements we have with Televisa and Venevision, they have an option to acquire 25% combined interest in those stations. They don't have to exercise that option until 90 days after we close. So, we haven't had substantive discussions with them about what their intentions are.

As it relates to our disputes with our programming partners as it relates to royalties, the underlying dispute involves a disagreement over the interpretation of certain provisions of the program license agreement that deal with our ability to exclude from the program license fees revenues associated with certain special programs. We believe our position is correct. However, we will have to meet with our partners and resolve this. In the meantime, pursuant to generally accepted accounting principles, we have fully reserved the amount in the dispute, and that amount is a couple million dollars.

Bill Meyers: Thanks very much.

Andrew Hobson: You're welcome.

Operator: Next we go to Gordon Hodge with Thomas Weisel Partners.

Gordon Hodge: Good afternoon. A couple of questions. I think last year in the second quarter you had a lot of business come in in a surprisingly strong way in June, and I'm just wondering if the current pacings that you're seeing now aren't a little bit stronger than your guidance, and you're anticipating just hitting a really tough comp as you hit the June period, question number one. And then the next question is just with respect to the World Cup: you have the rights, I believe, through next year, and then I'm just wondering if there is any update on the rights beyond that? Thanks.

Jeffrey Hinson: I think people have tried to anticipate that when we came up with the guidance, that June was a typically strong month last year. Despite ourselves the business came in. But I think our operating units took that into account when they came up with their numbers.

Gordon Hodge: So you're a little ahead of that probably now, and then just anticipating that tough comp in June?

Jeffrey Hinson: If we're – I think we've anticipated the tough comp and, you know, we've taken it into account as best as I think we can at this point.

Gordon Hodge: Perfect, and the World Cup?

Andrew Hobson: Ray, do you want to talk about that?

Ray Rodriguez: Yes. The World Cup, as you mentioned, we do have the 2006 World Cup, and we've had it since the '70s. We believe that we've been great partners with FIFA and they've told us as much. So we feel confident that we will be in there in 2010. But there's been no - I can't give you an update since we haven't …

Gordon Hodge: But is there a time frame in terms of when they expect to hear from you on that?

Ray Rodriguez: No.

Gordon Hodge: OK. Great, thanks.

Operator: Next with Wachovia we have Jim Boyle.

Jim Boyle: Two quick questions, if you could just update us, please, on what percentage of the top 300 advertisers are now clients compared to a year ago. And Jeff, with your stock towards the 52-week low, any likelihood the share buyback accelerates?

Jeffrey Hinson: We have a $500 million program. We have $410 million to go, and beyond that, I don't think we can really – we should even comment on our buying patterns. But hopefully you see that we've been buying.

Andrew Hobson: As it relates to our top 300 advertisers, I don't have that information here. We will try to pull it together and call you with it, Jim.

Jim Boyle: OK. Thank you.

Andrew Hobson: You're welcome.

Operator: Next we have Jason Helfstein with CIBC World Markets.

Jason Helfstein: Thanks. A few questions. First, just can we get some data – obviously you had impressive first quarter audience figures for Univision Network. Do you have some season, just season-to-date figure for Adults 18 to 49? And then do you have a comparable figure like season-to-date or maybe for the first quarter for the station, That's question number one.

Question number two, expense growth in the quarter looked very good and kind of similar levels of expense growth in the guidance. Do you think you can maintain similar levels of expense growth through the rest of the year? And then last question, talk about potential competition in Hispanic radio. I think Clear Channel has been, perhaps, a little bit more aggressive than people thought with now stations in Orlando and Miami in addition to markets like Atlanta. Talk about how defensible it is and what you typically do when you think that's coming around. Thanks.

Ray Rodriguez: Jason, as far as the season to date, I'll just give you something that wraps it up. We have – the Univision Network has beat one of the Big Four English networks, ABC, CBS, NBC, or FOX, since the season started, 137 nights we've beat at least one of those in Adults 18 to 34 so far this season. To give you an idea of how big that is, last year, which we thought we were doing great, we did it 54 nights. So, that gives you an idea of what's been happening this season to date relative to even last year, which we had a terrific season.

Jeffrey Hinson: And Jason, hi. It's Jeff. I can't really go beyond the second quarter on the expense growth question, but I think we've seen some consistency in the quarter showing our expense growth. I think it hopefully speaks for itself on how the Company's managed its expenses now over a – implied in the guidance and in the first quarter actuals over the six-month period.

Let me turn to the radio question, . the radio business has had intense competition forever from English and Spanish-language formats. And as we see Clear Channel launching some stations, they've launched some that are Urban, which are really more English-language stations, and the La Preciosa format, amongst others. And they're doing it in markets that we operate in and compete directly with them, and in others, such as, I think you mentioned Atlanta where we're not. And I think despite all this, and we've had a number of places where people have added stations, our ratings are really pretty good. I think that even if you look at the markets that have reported in the winter book, year over year we're up. And to be where we are in some of the key markets like Los Angeles shows the leadership and the strength that the radio group has, and they're figuring out how to work with the television stations to help cross-promote the product. I believe that helps as well.

Jason Helfstein: OK. Just a follow up on that, on the radio, do you think having the TV stations, that itself is a decent barrier to entry where, I mean, how hard is it for a competitor to launch a station if they can't buy air time on Univision? And then just a follow up on the expense side, were there any – can you quantify if there were any incremental expenses this quarter relative to last year related to Nielsen or specifically any new station, TV station launches? Thanks.

Jeffrey Hinson: Well, I think we are taking some commercials from some of our competitors where that makes some sense, just like we do some business with Telemundo on the radio side. I think what you find is if you have a good product and promote it effectively, you'll garner ratings. If someone can create a good product, people will listen to it.

And so it's really incumbent upon the radio group to do a great job programming the product and working more closely with the television group. It's not just airing commercials to promote the product. It's doing a lot of other elements to it that enhances the listener's experience on our radio stations. Andy, do you have anything else to add to that?

Andrew Hobson: I do think that having the television stations is a barrier to entry. However, we do accept advertising from all competitors.

Jeffrey Hinson: Yes.

Jason Helfstein: And then on the incremental expense, is there anything worth noting for the first quarter?

Andrew Hobson: There's a little bit of Nielsen, but it was not a material amount.

Operator: Let's move on and take a question from Jonathan Jacoby with Banc of America.

Jonathan Jacoby: Thank you. Good afternoon. Just two questions here. Are you seeing any differences on the station level between national and local business? And do you feel perhaps you're benefiting in your larger markets, stronger ratings, and with your national advertisers? And then secondly, can you give us an update on your discussions with Nielsen and how that's all progressing?

Andrew Hobson: OK. It's hard for us, when we look at our TV business, to really separate the national and local because we own TV stations that encompass most of the markets where advertising agencies are. You know, there's a little bit of blending in national advertisers versus, let's call it local retail advertisers. But currently in the first quarter, national is much stronger than local, and in the second quarter they're basically the same. As it relates to Nielsen, we're in ongoing discussions. I would say we're close to coming up with a mutually acceptable resolution but we don't have any formal signed agreement at this time.

Jonathan Jacoby: Thank you.

Operator: Next question comes from Lee Westerfield with Harris Nesbitt.

Lee Westerfield: Hi. Thank you. Three, and hopefully very quick questions if I may. First, the first quarter had a very surprisingly strong music revenue and cash flow performance. I see from the notes that that was due partly to library, partly to some other sales.

Can you help us understand going into the second quarter and perhaps, if it's predictable, for the remainder of the year how we can gauge the lumpiness – so our modeling can make some expectations for the music segment?

The second question, the television business in the first quarter, excluding the VIEs, by my calculations was up 11 %, it looked like. What was the – it looked like, as you reported, there was $10 million worth of revenue from TV VIE in the quarter. What was the year-ago – I know it wouldn't have been a VIE, but what would have been the comparable revenue for TV in the first quarter a year ago from what is now the VIE?

And then finally, and very briefly on this one, the telecom advertising in TV, in the first quarter, Entravision attracted Nextel and Verizon and did quite nicely with them. Did you similarly attract Nextel and Verizon in the telecom advertising on television?

Andrew Hobson: On television, yes, we did have Nextel and Verizon on a local basis. The wireless category continues to grow quite well as does some spending by SBC for their bundle of DSL, cable and phone service. What has been the drag in the overall telco industry, as we mentioned, is really the wireline long distance. That's the hole – as simple and narrow as that. The first quarter Puerto Rico number we don't have anywhere here, so I'll have to call you with that, Lee, because it wasn't a consolidated number. We never looked at it.

And I can't provide you with any guidance whatsoever on how to predict the lumpiness of music because in fairness there's just no way to do it. It all depends on the release schedules and they vary, month to month.

Lee Westerfield: At least in that regard, in the current quarter, we're halfway through it, is there any way we can assess that music business in this current quarter?

Andrew Hobson: I think historically we've said that the music business is a $2 to $4 million a quarter EBITDA business, and I think that's about as best as we can guide.

Lee Westerfield: OK. Fair enough. Thank you for taking the question.

Operator: Our next question comes from Ramirez & Company, Gerardo Soto.

Gerardo Soto: Good afternoon. Two questions very quickly. Have you started to see any noise from Spanish satellite radio that you can share with us? And the second question is, are there any new sectors that are starting to advertise or that have increased significantly their ad spending either on TV or radio?

Andrew Hobson: I don't think we've seen any effect whatsoever from Spanish satellite radio. And most of them don't really have a product that's very compelling. There are a number of categories, which have grown nicely. As we mentioned before, the wireless category has done well. The auto category is up over 25% for the quarter. Wireless was up in the 30% range. Home improvement centers are growing nicely. The video rental business has come in again after a departure for a few years.

Jeffrey Hinson: I think on the radio side, some of the same categories and I would also add to that that the financial has been a real growth sector for radio. And then some of the old standbys, like food products and grocery stores, had a good quarter.

Gerardo Soto: Perfect. Thank you very much, Andy and Jeff.

Operator: And next with Deutsche Bank, we have James Dix.

James Dix: Good afternoon, everyone. I just had two questions. First, now that TeleFutura is kind of closing the gap and has closed the gap with Telemundo in ratings, where do you stand with your pricing strategy with the network, what type of pricing you're getting versus Telemundo and versus Univision in that matter? And then secondly, on the radio side, what improvement are you seeing, if any, on the power ratios, either in Los Angeles or in some of the other markets where you're doing well? Thanks.

Andrew Hobson: The pricing of TeleFutura varies by daypart relative to Univision and Telemundo. In general, as TeleFutura has become a much greater competitive threat to Telemundo, its pricing has been raised to Telemundo's levels. And in dayparts where it's not as competitive pricing is somewhat less. But all in all, TeleFutura still provides a good alternative for all buyers to Telemundo and is priced at roughly 25% discount to Univision.

Jeffrey Hinson: And on the radio side, it's – I'll speak to a couple of data points because it really depends. Our ratings growth has been strong enough that even though we've well outperformed the radio industry on the revenue side, our ratings are growing as fast or faster. And so that's a happy problem to have because I think radio's been able to convert ratings to revenue pretty effectively. In Los Angeles particularly, we've now had two straight books at about 13% of the entire Adult 25 to 54 audience, and our revenues are well behind that.

And just remember that back in the spring of '04 in the Arbitron book, KSCA dropped to 18th in the market. Today it's #2. And so it's going to take a while to get that. I think that, though the team is very focused on winning in Los Angeles and I think around the Company there are high expectations on trying to maintain that relationship of radio revenue growth versus the industry.

James Dix: Thank you.

Operator: Our next question will now come from Spencer Wang with JP Morgan.

Spencer Wang: Thanks. A couple of questions. Firstly, on the TV networks, can you give us a sense of scatter pricing in the second quarter versus the Upfront? I know for the English-language networks, it's generally a decent indicator heading into the Upfront. I was wondering if that was historically true in Spanish-language. And then lastly, cap ex for the quarter was $17 million, which was well below the guidance. Was that just timing and how does that – what are the implications for the full-year cap ex [guidance] of $160 million? Thank you.

Andrew Hobson: As it relates to cap ex, I think the guidance for the year is $160 million, down from $175 million [guidance in 2004]. Is that correct?

Diana Vesga: Correct.

Andrew Hobson: As it relates to scatter pricing versus the Upfront, we generally price our scatter mid to high-single digits higher on CPM basis than the Upfront, and that trend has continued this year. I'm not sure it has the same indication for the growth of the Upfront that it does in English because if you're an English-language network, the only way you can grow your business to offset your declining audience is by raising your CPMs faster than your audience erodes. Whereas we have the benefit of being able to grow our revenues in the Upfront by both our audience growth as well as CPM growth, as well as attracting new advertisers since we have only about half the advertisers that participate in the Upfront in English-language. So that being said, I think those CPM increases are substantially below what we would expect to happen in the Upfront.

It has been recently reported in the Wall Street Journal that one of our executives said our Upfront was going to approximate $1 billion dollars. And as you know and everyone knows, our policy is not to report on that number. And, in fact, that attribution was erroneous by the Wall Street Journal. The Company did not give that guidance, and I hope no one expects us to reiterate that.

Spencer Wang: Thank you. That's helpful.

Operator: Our next question comes from Shawn Feely with CS First Boston.

Shawn Feely: Thank you. Two quick questions. One, you're approaching the deadline, Andy, or slowly approaching it, for the potential sale or the sell-down of the Entravision stake. I'm wondering if you've, one, sold any stock? Secondly, maybe, Jeff, can you just talk about if there was – I don't know if you break this out, but what was the amount of Copa America revenue that you got last year? Thanks.

Andrew Hobson: We haven't sold any [Entravision] stock. The consent decree with the Justice Department provides that we must reduce our holdings in Entravision to 15% by March 26, 2006. We have been exploring a variety of ways to do that, and we're confident that we will be able to comply with that consent decree in a manner that's not disruptive to Entravision.

Jeffrey Hinson: And we have not broken out Copa revenues, Shawn. Sorry.

Shawn Feely: OK. Thank you.

Jeffrey Hinson: You're welcome.

Operator: Our next question comes from Scott Davis of Jennison.

Scott Davis: Yes. Hi, guys. For your guidance for the second quarter, it seems clear that you're clearly going to outperform the industry. I think the part that I wanted to probe a little bit, Jeff, is I hear your point about the comp becomes more difficult. And if I recall correctly well, you said 17%, and the first quarter was 12%. So you've got 500 basis points of a more difficult comp. The problem is I never know how far back to go. For example, did that growth last year accelerate to 17% just because the prior year was weaker in the second quarter versus the first quarter, if you see what I'm getting at? In other words...

Andrew Hobson: Yes, I think you can't go back to the '03 year because then you're comparing to World Cup.

Scott Davis: Right.

Andrew Hobson: So I think we only have to go back a year because it adjusts to the cycles of budgets.

Jeffrey Hinson: I think also, when we had our call last year, I think both Andy and I, were surprised. I mean, the money just kept coming in, and I think we told people that the second quarter was unusually strong. You'll take it when it comes in. But the next year is a hard comp.

Scott Davis: OK. That makes sense. Thanks a lot.

Jeffrey Hinson: Thanks, Scott.

Operator: That concludes our question and answer session. I will turn the conference back over to Mr. Ray Rodriguez for any additional or closing remarks.

Ray Rodriguez: Thank you, Operator. I'd like to thank you again for having joined us today. Have a nice evening.

Operator: That does conclude today's conference call. Thank you, everyone, for your participation.

END