Acknowledging the importance of the fast-growing Spanish-speaking population in the United States, NBC agreed yesterday to buy the Telemundo Communications Group, the nation's second-largest Spanish-language broadcaster, for $1.98 billion.

The transaction is the largest acquisition of a foreign-language broadcaster in the United States by one of the major television networks, and demonstrates the pressure on the television industry to expand into new areas at a time when the market for network television is rapidly eroding.

The deal also represents a major commitment by NBC's parent, General Electric (news/quote), to staying in the television business, despite years of speculation that G.E. would put NBC up for sale.

Telemundo, which is controlled by Sony (news/quote) and Liberty Media (news/quote), owns 10 stations in cities like New York, Los Angeles, Miami and Chicago, and has 40 affiliates, serving a total of 86 American markets. Still, Telemundo lags far behind Univision Communications (news/quote), the country's largest Spanish-language broadcaster, which draws 80 percent of the market, compared with Telemundo's 20 percent share.

NBC's decision to buy Telemundo comes at a time when advertising is in a severe slump, a decline made worse by the terrorist attacks on Sept. 11. However, NBC is betting that the growth of the Hispanic population in the United States, which has increased by more than 50 percent in the last decade, will help propel Telemundo's growth.

"This is the most dynamic market in the United States," said Robert C. Wright, chairman and chief executive of NBC. "Hispanic buying power is going to double in the next decade."

Telemundo may be best known for its daytime soap operas and talk shows and its roaring soccer commentator, Andres Cantor, who is famous for shouting, "Goooooaaal." (Last year, Telemundo stole Mr. Cantor away from Univision.)

NBC is hoping to extend some of its programming, including news, entertainment and even the Olympics to Telemundo's network, dubbing some programs in Spanish and also creating original Spanish versions. Andrew Lack, NBC's president and chief operating officer, said he expected to produce Spanish-language versions of programs like "Dateline," "Weakest Link" and "Access Hollywood."

A fierce bidding war for Telemundo emerged in the last month as NBC competed with Viacom (news/quote) for control of the company. Viacom, which owns CBS, MTV and the Paramount studio, among other properties, decided against a higher bid because it worried that the price was getting too high, an executive close to Viacom said.

Indeed, even Mr. Wright said he considered the price for Telemundo high. "It would have
been a lot cheaper three or four years ago," Mr. Wright said. "But it was even higher six months ago." When the auction first began, Telemundo was hoping to fetch as much as $3 billion, but the price came down as the economy weakened.

Even at $1.98 billion, Telemundo's biggest investors came away major winners. Sony and Liberty, which each owned about a 35 percent of Telemundo, together paid $539 million in 1997 for the stake.

Under the terms of the deal, NBC will pay $1.98 billion, half in cash and half in G.E. stock, and assume about $700 million in debt. Telemundo was advised by Merrill Lynch and Alpine Capital Group.

Analysts generally applauded the deal as a way to bolster profit without having to diversify outside NBC's core television network business. Mr. Wright said he hoped to achieve savings by combining some back-office broadcasting operations in cities where there is overlap. He said he expected the deal to produce about $600 million in revenue within two years. Shares of General Electric rose $1.04, to $38.95, yesterday.

NBC is hoping to persuade advertisers that have traditionally bought commercial time on NBC and its cable channels, CNBC and MSNBC, to buy time on Telemundo. Likewise, NBC expects some Telemundo advertisers that have not bought time on NBC to be persuaded to do so if the network creates packaged advertising programs.

The deal may put pressure on Viacom to try to acquire Univision, analysts said. Shares of Univision have risen 12 percent in the last three days on speculation that it may become a takeover target. Yesterday, the shares rose $2.04, to $28.38. Analysts said Univision might be pressed to sell simply because it might not have the resources to compete effectively against an NBC-back Telemundo. The deal is expected to be cleared by regulators, but NBC may have to sell properties in certain cities. For example, NBC will need approval from the Federal Communications Commission to own Telemundo's Los Angeles station because of its other holdings there. Nationally, NBC's audience reach will remain under 30 percent, which is under the 35 percent cap currently permitted by the government.

There is another consideration: NBC's top executive freely admits that his Spanish is limited. "It's bad," Mr. Wright said. "But give me time. I'll get better."