

Comprehensive Exhibit

This Application requests the Commission's consent to a transfer of control (the "Transaction") of Televiscentro of Puerto Rico, LLC ("Televiscentro"), a Delaware limited liability company, from Gato Investments LP ("Gato") to Searchlight II HMT, L.P. ("Searchlight II HMT"). Televiscentro is the licensee of the following broadcast television stations:

WAPA-TV, San Juan, Puerto Rico, Facility ID No. 52073
WTIN-TV, Ponce, Puerto Rico, Facility ID No. 26681
WNJX-TV, Mayaguez, Puerto Rico, Facility ID No. 73336

WAPA-TV produces local programming in Puerto Rico including 60 hours per week of local news and entertainment programming. WNJX-TV and WTIN-TV operate as satellites of WAPA-TV. WAPA-TV also owns and operates a multicast channel, WAPA2 Deportes, a local sports network.

I. DESCRIPTION OF THE PARTIES

A. Transferors

Televiscentro is indirectly wholly owned by Hemisphere Media Group, Inc. ("HMTV"), a privately held Delaware corporation that owns and operates broadcast television stations and cable networks serving audiences in the United States and Latin America. HMTV is wholly owned directly by HWK Parent, LLC ("HWK Parent"), a Delaware limited liability company. In turn, HWK Parent is wholly owned by Gato, a Delaware limited partnership. Gato is controlled by its sole general partner, Gemini Latin Holdings, LLC ("Gemini"), a Delaware limited liability company. Gemini, in turn, is controlled by its sole member, Peter Kern, a U.S. citizen, and Searchlight II HMT is the sole limited partner of Gato.¹

¹ See Pro Forma Transfer of Control Application granted June 8, 2022 (File No. 0000191021).

B. Transferee

Searchlight II HMT is a Delaware limited partnership owned and controlled by entities affiliated with Searchlight Capital Partners, L.P., a Delaware limited partnership (“Searchlight”).² Searchlight is a global private equity investment company, whose funds invest in companies across various sectors, including telecommunications providers and media outlets. Searchlight is ultimately controlled by its three founding partners, Eric Zinterhofer (a U.S. citizen), Erol Uzumeri (a Canadian citizen), and Oliver Haarmann (a German citizen). Searchlight’s affiliates and principals have been reviewed and approved by the Commission in connection with several other broadcast and telecommunications investments, and thus are well known to the Commission and Executive Branch agencies.

Searchlight II HMT currently is the sole limited partner of Gato, and holds a 100 percent indirect equity interest (0 percent voting interest) in HMTV. The equity interests in Searchlight II HMT are held by investment fund vehicles, Searchlight Capital II USD AIV, L.P., a Delaware limited partnership, and Searchlight Capital II (FC) AIV II, L.P., a Delaware limited partnership, which are both ultimately controlled by Eric Zinterhofer, a U.S. citizen. Searchlight II HMT is ultimately controlled by Mr. Zinterhofer and Andrew Frey, also a U.S. citizen. Three other

² Searchlight provides management and other advisory services to the Searchlight-affiliated investment funds identified in this section, for which it receives a fee. Searchlight is controlled by its general partner Searchlight Capital Partners, LLC, which, in turn, is controlled by its three members, Eric Zinterhofer, Erol Uzumeri, and Oliver Haarmann. Although Searchlight receives a fee for the services it provides to the Searchlight investment funds, it has no economic or other ownership interest in them and has no decision-making authority with respect to their operations. Rather, all such authority, including the decision to make investments and to make capital calls from the limited partners of the investment funds, rests with the general partners of the funds. Although Searchlight is deemed to be an affiliate of Searchlight II HMT and the investment funds, it has no direct or indirect ownership interest in Searchlight II HMT (and will not have any such interest in HMTV), and has no authority to make any decisions on behalf of Searchlight II HMT or the investment funds. Accordingly, Searchlight is not a party to this Application.

investment fund vehicles currently hold warrants in Searchlight II HMT:³ (i) Searchlight Capital II EXU AIV, L.P., a Delaware limited partnership, (ii) Searchlight Capital II PV, L.P., a Cayman Islands exempted limited partnership, and (iii) SC II HMT, L.P., a Delaware limited partnership.

II. TRANSACTION DESCRIPTION

Searchlight II HMT intends to exit its investment in Gato, and Gemini has agreed to wind up the partnership and distribute all ownership interests in HMTV to Searchlight II HMT following receipt of the Commission's consent to the transfer of control of HMTV (and in turn, Televiscentro) from Gato to Searchlight II HMT proposed in the instant Application. As shown in the post-transfer organization chart attached hereto in **Attachment A**, upon the closing of the wind-up of Gato, Searchlight II HMT will hold 100 percent of the membership interests in HWK Parent, LLC, and will indirectly hold 100 percent of the equity and voting interests in HMTV.

At the same time as the closing of the transfer of control transaction, Searchlight Capital II EXU AIV, L.P., Searchlight Capital II PV, L.P., and SC II HMT, L.P., which each hold warrants in Searchlight II HMT, will exercise their respective warrants and will be issued new limited partnership interests in Searchlight II HMT. As a result, each of these investment fund vehicles will hold indirect equity interests in HMTV. Conversion of the warrants to equity interests will result in certain affiliates of Searchlight holding new attributable interests in the HMTV broadcast stations.

The new equity interests will also result in cognizable foreign ownership interests indirectly in HMTV through certain Searchlight investment fund entities organized in the Cayman Islands, as well as through the non-U.S. limited partners in each of the investment fund

³ As discussed in Section II below, these warrants will be exercised in connection with the transactions described in this Application.

entities. Specifically, Searchlight Capital II PV, L.P. is a Cayman Islands limited partnership. Although SC II HMT, L.P. is a Delaware limited partnership, equity interests in that entity are held by Searchlight entities organized in the Cayman Islands. Further, there are non-U.S. limited partner investors holding equity interests in each of these three warrant-holder entities. Although these limited partner interests are insulated, the aggregate foreign ownership in HMTV through these limited partner investors will exceed the 25 percent limit in Section 310(b)(4) of the Act. Notably, none of the insulated non-U.S. limited partner investors would hold an equity interest in excess of the 10 percent threshold for insulated limited partnership interests requiring specific approval. The particular foreign ownership interests are described in detail in the Petition for Declaratory Ruling being filed concurrently with this Application.

The charts attached as **Attachment A** depict the current and proposed ownership structure of Televiscentro, including all attributable interest holders.

III. PUBLIC INTEREST BENEFITS OF THE TRANSACTION

The Transaction will serve the public interest, convenience, and necessity. Grant of the Application will allow Searchlight to expand beyond its current advisory role in HMTV and bring to bear its full managerial expertise and extensive industry relationships in implementing a strategic plan for HMTV's continued expansion. Eric Zinterhofer, Andrew Frey, Erol Uzumeri, and Oliver Haarmann have particular experience in the media and telecommunications sectors through Searchlight's investment in Univision and through decades of investing experience collectively.⁴ In addition, Searchlight is well positioned to provide additional capital to achieve HMTV's business objectives, which could include additional investments in content, digital

⁴ See *Consent to Transfer of Control of Univision Holdings, Inc. to Searchlight III UTD, L.P., ForgeLight (United) Investors, LLC, and Grupo Televisa S.A.B.*, Memorandum Opinion and Order and Declaratory Ruling, 35 FCC Rcd 14835 (2020) ("2020 Univision Ruling").

initiatives, or acquisitions through increased future investment subject to the grant of this Application. Thus, the Transaction will facilitate continued investment in HMTV's highly-rated broadcast stations, programming, and local service to the benefit of local viewers.

The Transaction complies with all multiple ownership rules and does not create any new station combinations or reduce the number of competitors in the market.⁵ As detailed in the Petition for Declaratory Ruling filed with this Application, the foreign ownership attributable upon the exercise of the Searchlight II HMT warrants will not present any national security, law enforcement, foreign policy, or trade concerns.

Therefore, the Transaction is in the public interest, and the parties urge the Commission to grant the Application expeditiously and permit the parties to consummate the Transaction.

IV. TRANSACTION DOCUMENTS

On September 20, 2022, Searchlight II HMT provided notice to Gemini to request that Gemini commence the process of obtaining Commission consent to the wind-up of Gato and the distribution of Gato's interest in HMTV to Searchlight II HMT. A copy of that letter is attached to this Application.

V. PETITION FOR DECLARATORY RULING

In connection with this Transaction, and concurrently with the filing of this Application, Searchlight II HMT is filing a Petition for Declaratory Ruling requesting that the Commission permit certain non-U.S. entities to hold a greater than five percent equity and/or voting interest in HMTV.

⁵ See Section VII below; see also *Consent to Transfer Control of Certain Subsidiaries of Univision Holdings, Inc. and Petition for Declaratory Ruling*, Memorandum Opinion and Order and Declaratory Ruling, 35 FCC Rcd 14835 ¶ 23 (2020).

The Commission has authorized up to 100 percent of HMTV's equity and voting interests to be held by foreign investors, subject to the routine terms and conditions in Section 1.5004 of the Commission's rules, including the requirement that HMTV obtain prior approval of any individual foreign investor or group acquiring an interest greater than five percent (or ten percent for certain insulated interests).⁶ The *Hemisphere Declaratory Ruling* provided specific approval for certain foreign investors, but the interests held by those investors were acquired by Gato in connection with a take-private transaction that was consummated on September 13, 2022.⁷

VI. OTHER ATTRIBUTABLE INTERESTS HELD BY PARTIES TO THE APPLICATION

Eric Zinterhofer, Erol Uzumeri, Oliver Haarmann, and Andrew Frey, who have, or will have upon the consummation of the Transaction, attributable interests in Televiscentro and Searchlight II HMT, also have attributable interests in broadcast licenses ultimately controlled by TelevisaUnivision, Inc. ("TelevisaUnivision"). These attributable interests in both HMG and TelevisaUnivision comply with the Commission's multiple ownership rules, and have already been approved based on attributable interests that Mr. Zinterhofer and Mr. Frey have long held in both station groups. *See Consent to Transfer Control of Certain Subsidiaries of Univision Holdings, Inc. and Petition for Declaratory Ruling*, Memorandum Opinion and Order and Declaratory Ruling, 35 FCC Rcd 14835 ¶ 23 (2020). The additional interests in HMTV that will

⁶ *See Hemisphere Media Group, Inc. Petition for Declaratory Ruling*, Declaratory Ruling and Memorandum Opinion and Order, 34 FCC Rcd 10504 ¶¶ 10, 12 (2019) ("*Hemisphere Declaratory Ruling*").

⁷ On September 13, 2022, the shares of HMTV's outstanding common stock not already owned by Gato were indirectly acquired by Gato after HMTV merged with a wholly owned subsidiary of Gato's wholly owned subsidiary, HWK Parent, in a take-private transaction. Upon the closing of that transaction, 100 percent of the outstanding common stock of HMTV is indirectly owned by Gato, and HMTV is no longer publicly traded. *See* File No. 0000191021 (consummated Sept. 13, 2022).

be held by Mr. Uzumeri and Mr. Haarmann as a result of the Transaction will not change the multiple ownership analysis.

Messrs. Zinterhofer, Uzumeri, Haarmann, and Frey have an attributable interest in the following broadcast licenses ultimately controlled by TelevisaUnivision, Inc.:

Callsign	Facility ID	Community of License	Licensee
<u>WSTE-DT</u>	60341	Ponce, PR	WLII/WSUR License Partnership, G.P.
<u>KAKW-DT</u>	148	Killeen, TX	KAKW License Partnership, L.P.
<u>KTFO-CD</u>	35882	Austin, TX	KAKW License Partnership, L.P.
<u>KDTV-DT</u>	33778	San Francisco, TX	KDTV License Partnership, G.P.
<u>KDTV-CD</u>	18148	Santa Rosa, TX	KDTV License Partnership, G.P.
<u>KFTV-DT</u>	34439	Hanford, CA	KFTV License Partnership, G.P.
<u>KMEX-DT</u>	35123	Los Angeles, CA	KMEX License Partnership, G.P.
<u>KTVW-CD</u>	29464	Phoenix, AZ	KTVW License Partnership, G.P.
<u>KTVW-DT</u>	35705	Flagstaff/Doney Park, AZ	KTVW License Partnership, G.P.
<u>KUVI-DT</u>	7700	Bakersfield, CA	KUVI License Partnership, G.P.
<u>KUVN-CD</u>	5319	Fort Worth, TX	KUVN License Partnership, L.P.
<u>KUVN-DT</u>	35841	Garland, TX	KUVN License Partnership, L.P.
<u>KUVS-DT</u>	58609	Modesto, CA	KUVS License Partnership, G.P.
<u>KWEX-DT</u>	35881	San Antonio, TX	KWEX License Partnership, L.P.
<u>KXLN-DT</u>	53847	Rosenberg, TX	KXLN License Partnership, L.P.
<u>KCEC</u>	57219	Boulder, CO	Spanish Television of Denver, Inc.
<u>KLUZ-TV</u>	57220	Albuquerque, NM	UniMas Albuquerque LLC
<u>KBTF-CD</u>	34438	Bakersfield, CA	UniMas Bakersfield LLC
<u>WUNI</u>	60551	Marlborough, MA	UniMas Boston LLC
<u>WXFT-DT</u>	60539	Aurora, IL	UniMas Chicago LLC
<u>WFDC-DT</u>	69532	Arlington, VA	UniMas D.C. LLC
<u>KSTR-DT</u>	60534	Irving, TX	UniMas Dallas LLC
<u>KTFF-DT</u>	35512	Porterville, CA	UniMas Fresno LLC
<u>KFTH-DT</u>	60537	Alvin, TX	UniMas Houston LLC
<u>WWJE-DT</u>	14682	Derry, NH	Univision Local Media Inc.
<u>WMGM-TV</u>	61111	Wildwood, NJ	Univision Local Media Inc.
<u>KXLK-CD</u>	48836	Austin, TX	Univision Local Media Inc.
<u>WRCF-CD</u>	10549	Orlando, FL	Univision Local Media Inc.
<u>KFTR-DT</u>	60549	Ontario, CA	UniMas Los Angeles LLC
<u>WAMI-DT</u>	60536	Hollywood, FL	UniMas Miami LLC
<u>WVEN-TV</u>	5802	Melbourne, FL	UniMas Orlando, Inc.
<u>KFTU-DT</u>	81441	Douglas, AZ	UniMas Partnership of Douglas
<u>KFPH-DT</u>	41517	Flagstaff, AZ	UniMas Partnership of Flagstaff

Callsign	Facility ID	Community of License	Licensee
<u>KFPH-CD</u>	2739	Phoenix, AZ	UniMas Partnership of Phoenix
<u>KFTU-CD</u>	53004	Tucson, AZ	UniMas Partnership of Tucson
<u>KCOR-CD</u>	48837	San Antonio, TX	UniMas Partnership of San Antonio
<u>KNIC-DT</u>	125710	Blanco, TX	UniMas Partnership San Antonio
<u>KEZT-CD</u>	52891	Sacramento, CA	UniMas Sacramento LLC
<u>KTFK-DT</u>	20871	Stockton, CA	UniMas Sacramento LLC
<u>KFSF-DT</u>	51429	Vallejo, CA	UniMas San Francisco LLC
<u>WVEA-TV</u>	60559	Tampa, FL	UniMas Tampa LLC
<u>WUVG-DT</u>	48813	Athens, GA	Univision Atlanta LLC
<u>KABE-CD</u>	18747	Bakersfield, CA	Univision Bakersfield LLC
<u>WQHS-DT</u>	60556	Cleveland, OH	Univision Cleveland LLC
<u>WFTY-DT</u>	60553	Smithtown, NY	Univision New York LLC
<u>WFUT-DT</u>	60555	Newark, NJ	Univision New York LLC
<u>WUVP-DT</u>	60560	Vineland, NJ	Univision Philadelphia LLC
<u>KUTH-DT</u>	81451	Provo, UT	Univision Salt Lake City LLC
<u>KUVE-CD</u>	78036	Tucson, AZ	Univision Tucson LLC
<u>KUVE-DT</u>	63927	Green Valley, AZ	Univision Tucson LLC
<u>WGBO-DT</u>	12498	Joliet, IL	WGBO License Partnership, G.P.
<u>WLTV-DT</u>	73230	Miami, FL	WLTV License Partnership, G.P.
<u>WUVC-DT</u>	16517	Fayetteville, NC	WUVC License Partnership, G.P.
<u>WFPA-CD</u>	74216	Philadelphia, PA	WXTV License Partnership, G.P.
<u>WXTV-DT</u>	74215	Paterson, NJ	WXTV License Partnership, G.P.
<u>K21GC</u>	128900	Safford, AZ	UniMas Partnership of Phoenix
<u>KTFF-LD</u>	23272	Fresno, CA	Unimas Fresno LLC
<u>KDOS-LD</u>	129078	Globe, AZ	KTVW License Partnership, G.P.
<u>WTNC-LD</u>	70112	Durham, NC	WUVC License Partnership, G.P.
<u>K18NN-D</u>	127930	Globe, AZ	UniMas Partnership of Phoenix
<u>KAMA-FM</u>	57806	Deer Park, TX	Tichenor License Corporation
<u>KBTQ</u>	67072	Harlingen, TX	Tichenor License Corporation
<u>KESS</u>	21599	Benbrook, TX	Tichenor License Corporation
<u>KGBT</u>	67067	Harlingen, TX	Tichenor License Corporation
<u>KGBT-FM</u>	6662	McAllen, TX	Tichenor License Corporation
<u>KLAT</u>	67063	Houston, TX	Tichenor License Corporation
<u>KQBU-FM</u>	25583	Port Arthur, TX	Tichenor License Corporation
<u>KROM</u>	67071	San Antonio, TX	Tichenor License Corporation
<u>KVBH</u>	67064	San Antonio, TX	Tichenor License Corporation
<u>KXTN</u>	67069	San Antonio, TX	Tichenor License Corporation
<u>WOJO</u>	67073	Evanston, IL	Tichenor License Corporation
<u>KFLC</u>	34298	Benbrook, TX	Univision Radio San Francisco, Inc.
<u>KFZO</u>	7040	Denton, TX	Univision Radio San Francisco, Inc.
<u>KSOL</u>	70032	San Francisco, CA	Univision Radio San Francisco, Inc.
<u>KSOL-FM2</u>	70028	Sausalito, CA	Univision Radio San Francisco, Inc.

Callsign	Facility ID	Community of License	Licensee
<u>KSOL-FM3</u>	14485	Pleasanton, CA	Univision Radio San Francisco, Inc.
<u>KSQL</u>	70033	Santa Cruz, CA	Univision Radio San Francisco, Inc.
<u>KDXX</u>	57376	Lewisville, TX	Univision Radio San Francisco, Inc.
<u>KBBT</u>	3075	Schertz, TX	Univision Radio Stations Group
<u>KBRG</u>	68839	San Jose, CA	Univision Radio Stations Group
<u>KHOT-FM</u>	59422	Paradise Valley, AZ	Univision Radio Stations Group
<u>KHOT-FM1</u>	136351	Glendale, AZ	Univision Radio Stations Group
<u>KHOV-FM</u>	29021	Wickenburg, AZ	Univision Radio Stations Group
<u>KHOV-FM1</u>	77422	Constellation, AZ	Univision Radio Stations Group
<u>KISF</u>	28893	Las Vegas, NV	Univision Radio Stations Group
<u>KLJA</u>	55475	Georgetown, TX	Univision Radio Stations Group
<u>KLLE</u>	31716	North Fork, CA	Univision Radio Stations Group
<u>KLNO</u>	41380	Fort Worth, TX	Univision Radio Stations Group
<u>KLNV</u>	51515	San Diego, CA	Univision Radio Stations Group
<u>KLQB</u>	63201	Taylor, TX	Univision Radio Stations Group
<u>KLQV</u>	51164	San Diego, CA	Univision Radio Stations Group
<u>KLSQ</u>	36694	Whitney, NV	Univision Radio Stations Group
<u>KLTN</u>	65310	Houston, TX	Univision Radio Stations Group
<u>KLVE</u>	35086	Los Angeles, CA	Univision Radio Stations Group
<u>KLVE-FM1</u>	190825	Santa Clarita, CA	Univision Radio Stations Group
<u>KMYO</u>	25469	Comfort, TX	Univision Radio Stations Group
<u>KOMR</u>	55913	Sun City, AZ	Univision Radio Stations Group
<u>KOND</u>	26266	Hanford, CA	Univision Radio Stations Group
<u>KOVE-FM</u>	19091	Galveston, TX	Univision Radio Stations Group
<u>KQMR</u>	22977	Globe, AZ	Univision Radio Stations Group
<u>KRCD</u>	1025	Inglewood, CA	Univision Radio Stations Group
<u>KRCV</u>	19088	West Covina, CA	Univision Radio Stations Group
<u>KRDA</u>	39567	Clovis, CA	Univision Radio Stations Group
<u>KRGT</u>	11614	Sunrise Manor, NV	Univision Radio Stations Group
<u>KRGT-FM1</u>	136175	Las Vegas, NV	Univision Radio Stations Group
<u>KSCA</u>	24548	Glendale, CA	Univision Radio Stations Group
<u>KSCA-FM1</u>	190827	Santa Clarita, CA	Univision Radio Stations Group
<u>KTNQ</u>	35673	Los Angeles, CA	Univision Radio Stations Group
<u>KVVF</u>	19532	Santa Clara, CA	Univision Radio Stations Group
<u>KVVZ</u>	40136	San Rafael, CA	Univision Radio Stations Group
<u>WADO</u>	70684	New York, NY	Univision Radio Stations Group
<u>WAMR-FM</u>	61658	Miami, FL	Univision Radio Stations Group
<u>WAQI</u>	37254	Miami, FL	Univision Radio Stations Group
<u>WPPN</u>	25053	Des Plaines, IL	Univision Radio Stations Group
<u>WQBA</u>	73912	Miami, FL	Univision Radio Stations Group
<u>WQBU-FM</u>	30573	Garden City, NY	Univision Radio Stations Group
<u>WQBU-FM1</u>	189412	New York, NY	Univision Radio Stations Group

Callsign	Facility ID	Community of License	Licensee
<u>WQBU-FM2</u>	189382	Brooklyn, NY	Univision Radio Stations Group
<u>WRTO</u>	11196	Chicago, IL	Univision Radio Stations Group
<u>WRTO-FM</u>	37253	Goulds, FL	Univision Radio Stations Group
<u>WVIV-FM</u>	48449	Lemont, IL	Univision Radio Stations Group
<u>WXNY-FM</u>	29022	New York, NY	Univision Radio Stations Group
<u>WKAQ</u>	19099	San Juan, PR	WLII/WSUR License Partnership, G.P.
<u>WKAQ-FM</u>	19098	San Juan, PR	WLII/WSUR License Partnership, G.P.
<u>WKAQ-FM1</u>	19100	Juana Diaz, PR	WLII/WSUR License Partnership, G.P.
<u>WKAQ-FM2</u>	179635	Fajardo, PR	WLII/WSUR License Partnership, G.P.
<u>WUKQ</u>	9352	Ponce, PR	WLII/WSUR License Partnership, G.P.
<u>WUKQ-FM</u>	54818	Mayaguez, PR	WLII/WSUR License Partnership, G.P.
<u>WUKQ-FM1</u>	127832	Ponce, PR	WLII/WSUR License Partnership, G.P.
<u>WYEL</u>	70686	Mayaguez, PR	WLII/WSUR License Partnership, G.P.

VII. REQUEST FOR CONTINUATION OF SATELLITE STATUS

Pursuant to long-standing waivers granted by the Commission,⁸ Televiscentro operates WTIN-TV and WNJX-TV as satellite television stations that rebroadcast the programming of WAPA-TV in their respective markets. The Commission reaffirmed that these satellite relationships serve the public interest in 2007, and there have been no material changes in the underlying circumstances upon which the Commission relied in reauthorizing the satellite operations of WTIN-TV and WNJX-TV since that time.⁹ Accordingly, the Applicants

⁸ See *Applications of Paxson Communications of San Juan, Inc. and LIN Television Corporation*, Memorandum Opinion and Order, 16 FCC Rcd 14139 (2001); *Application of T. Michael Whitney and LIN Television of San Juan, Inc.*, Memorandum Opinion and Order, 16 FCC Rcd 2297 (2001).

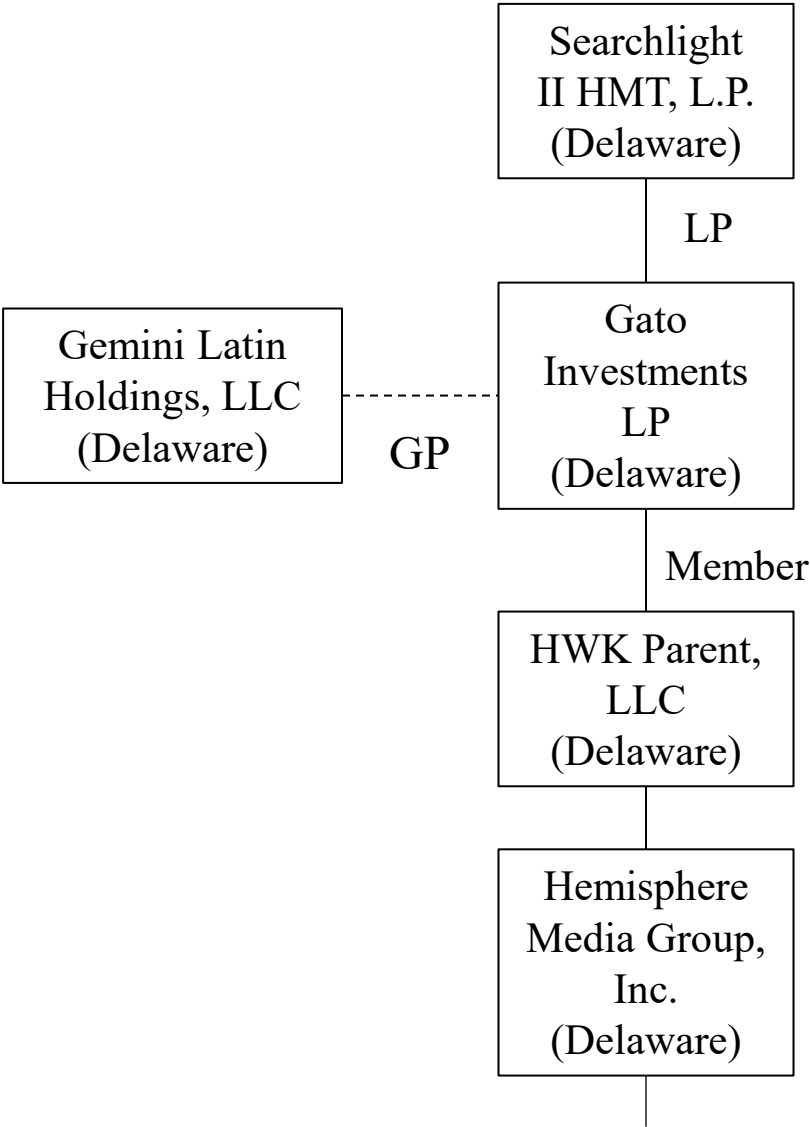
⁹ See Letter from Barbara A. Kreisman, Chief, Video Division, Media Bureau, FCC, to Televiscentro of Puerto Rico, LLC and Mark Coleman, Intermediate Partners VII, L.P., DA 07-500 (rel. Feb. 2, 2007) (attached as **Attachment B**).

respectfully request the continuation of this previously granted waiver, pursuant to the Commission's streamlined reauthorization procedures for satellite television stations.¹⁰

¹⁰ See *Streamlined Reauthorization Procedures for Assigned or Transferred Television Satellite Stations*, Report and Order, 34 FCC Rcd 1539 (2019).

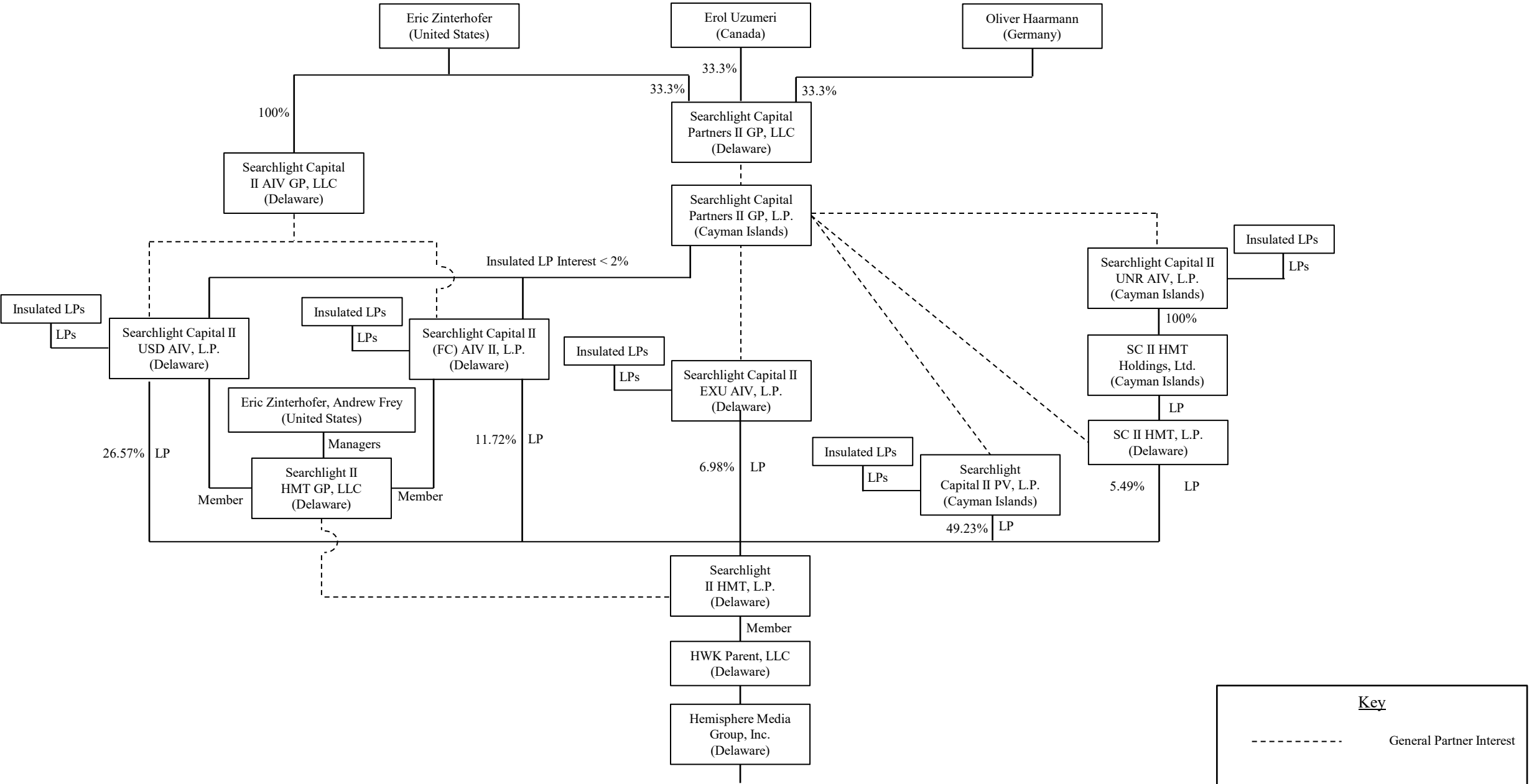
Attachment A

Hemisphere Media Group, Inc. Pre-Closing Structure



[See Televiscentro Ownership Chart]

Hemisphere Media Group, Inc. Post-Closing Structure and Post-Closing Attributable Interests



Televicentro Ownership Chart

Hemisphere
Media Group,
Inc.
(Delaware)

Sole
Member

HMTV, LLC
(Delaware)

Sole
Member

Hemisphere
Media Holdings
(Delaware)

Sole
Member

WAPA Holdings,
LLC.
(Delaware)

Sole
Stockholder

InterMedia
Español, Inc.
(Delaware)

Sole
Member

Televicentro of
Puerto Rico,
LLC
WAPA-TV
WNJX-TV
WTIN-TV
(Delaware)

Attachment B



Federal Communications Commission
Washington, D.C. 20554

February 1, 2007

DA 07-500

Released: February 2, 2007

Televicentro of Puerto Rico, LLC
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Re: Applications for Transfer of Control
WAPA-TV, San Juan, PR, ID No. 52073
File No. BTCCT-20061108AHE¹

Dear Applicants:

This is in regard to the above-captioned unopposed applications for the transfer of control of three licensee subsidiaries of LIN Television Corporation (LIN) to Intermedia Partners VII, L.P. (Intermedia). The companies being transferred are:

- Televicentro of Puerto Rico, LLC, licensee of WAPA-TV, San Juan, Puerto Rico; WIRS(TV), Yauco, Puerto Rico; and WTIN(TV), Ponce, Puerto Rico;
- S&E Network, Inc., licensee of WJPX(TV), San Juan, Puerto Rico; WKPV(TV), Ponce, Puerto Rico; and WJWN-TV, San Sebastian, Puerto Rico; and
- WNJX-TV, Inc., licensee of WNJX-TV, Mayaguez, Puerto Rico.

As part of this transaction, Intermedia requests continuing satellite authority for stations WTIN(TV), WNJX-TV, WKPV(TV), WIRS(TV), and WJWN-TV, pursuant to the satellite exemption to the duopoly rule. *See* 47 C.F.R. § 73.3555, Note 5. For the reasons stated below, we grant the applications and the requested continuing satellite authority.

The Puerto Rico Market. Nielsen has not developed DMA markets for the island of Puerto Rico. However, in past television duopoly cases involving stations in different parts of Puerto Rico, we have implicitly treated the entire island as a single television market.² For example, in *JEM*

¹ A complete list of the stations affected by the application is attached as Exhibit A.

² *See Paxson San Juan, Inc.*, 16 FCC Rcd 14139 (2001); *Milton S. Maltz*, 13 FCC Rcd 15527 (1998); and *JEM Communications, Inc.*, 9 FCC Rcd 4874 (1994).

Communications, we found that it was necessary to grant satellite exemptions to permit common ownership of television stations in San Juan, Ponce and San Sebastian, recognizing that, despite the fact that the stations were located on opposite parts of the island, they were part of a single television market.³ The applicants maintain that advertisers treat the island as a single market and that the financial viability of Puerto Rico television stations is dependent on island-wide coverage.

We conclude that our previous decisions and local economic and market conditions support continued treatment of the island of Puerto Rico as one television market for purposes of our multiple ownership rule. Therefore, a broadcaster may have an attributable interest in up to two television stations in Puerto Rico if eight independent voices would remain in the market following the acquisition and only one of the stations at issue is ranked in the top four.⁴ Satellite stations, however, are exempt from our multiple ownership rules.⁵ Following the proposed transaction, there would be more than eight independent voices in Puerto Rico. WAPA-TV is ranked in the top four, but WJPX(TV) is not. Therefore, Intermedia may own both of those stations. In order to own the other five stations that are part of the transaction, Intermedia will need renewed satellite exemptions for each of those stations.

The Satellite Exemptions. In *Television Satellite Stations*,⁶ the Commission established the requirement that all applicants seeking to transfer or assign satellite stations justify continued satellite status by demonstrating compliance with a three-part "presumptive" satellite exemption standard applicable to new satellite stations. The presumptive satellite exemption is met if the following three public interest criteria are satisfied: (1) there is no City Grade overlap between the parent and the satellite; (2) the proposed satellite would provide service to an underserved area; and (3) no alternative operator is ready and able to construct or to purchase and operate the satellite as a full-service station. *Id.* at 4213-14. If an applicant does not qualify for the presumption, the Commission will evaluate the proposal on an *ad hoc* basis, and grant the application if there are compelling circumstances that warrant approval. *Id.* at 4212.

In granting the past satellite exemptions, the Commission based its decision on Puerto Rico's unique topography and on the economic conditions on the island. As the applicants argue, these conditions continue to exist. Specifically, Puerto Rico is approximately 125 miles long (east to west) and thirty miles wide (north to south), bisected east to west by a central mountain range which effectively blocks television signals directed across its heights. In previous decisions, the Commission has noted that useful television coverage for stations in Puerto Rico is ordinarily limited to the Grade A contour and is sometimes unsatisfactory even within that area.⁷ Because no single station can reach the entire island, Puerto Rico television stations have a long-standing

³ *JEM Communications*, 9 FCC Rcd at 4875.

⁴ 47 C.F.R. § 73.3555.

⁵ 47 C.F.R. § 73.3555, Note 5.

⁶ 6 FCC Rcd 4212, 4215 (1991) (subsequent citations omitted).

⁷ *Canal 48*, 8 FCC Rcd 2193 (1993).

practice of either utilizing satellite stations or entering into rebroadcast arrangements with other stations on the island. According to Jose E. Ramos, general manager of stations WAPA-TV and WJPX(TV), stations outside of San Juan can only survive by working in concert with a San Juan station and the San Juan stations “can only succeed financially by rebroadcasting their programming island-wide.”⁸

In addition, cable subscription on Puerto Rico is limited to approximately 25% of TV households and only 20% of TV households subscribe to DBS.⁹ This is substantially below the subscription rate of over 80% for multi-channel video providers in the United States.¹⁰ Therefore, the availability of over-the-air television signals is even more important in Puerto Rico than it is in the rest of the United States.

Moreover, Puerto Rico broadcasters must operate in an extremely competitive market. There are approximately 100 radio stations and 30 television stations licensed to the island. However, outside of the capital city of San Juan, the majority of these stations operate in concert with a San Juan station, either as satellites under rebroadcast agreements or under local marketing agreements.

Problems caused by Puerto Rico’s topography and market structure are compounded by its weak economic conditions. The gross national income per capita is only 30% of the U.S.’ average and the average wage earned by island residents is only 54% of that earned by mainland residents.¹¹ Outside of San Juan, the income differential is even more dramatic. For example, the median per capita income in San Juan, according to the Census Bureau in its 2000 report, was \$12,437 while in Yauco, where WIRS(TV) is licensed, it was only \$6,434. Furthermore, according to the Bureau of Labor Statistics, the unemployment rate in Puerto Rico is 9.9%, which represents a significant decline from past years, but is more than double the 4.5% rate for the overall U.S. economy during the same period.¹²

According to Mr. Ramos, the generally weak economy in Puerto Rico historically has had an impact on advertising sales and that impact will worsen. Mr. Ramos predicts that advertising sales in 2006 will have declined by approximately 10% from 2005 levels.

In previous Puerto Rico decisions, the Commission has recognized that “economic conditions indicate that satellite operations or rebroadcast arrangements are a necessity,” even in cases where the stations’ communities of license and their surrounding areas are not technically unserved or

⁸ Declaration of Jose E. Ramos, Exhibit 18 to applications.

⁹ See *Television and Cable Factbook*, F-3 (2006); MediaFax Ratings at Attachment E to Exhibit 18.

¹⁰ *2006 Video Competition Report*, 21 FC Rcd 2503 (2006).

¹¹ Barry P. Bosworth and Susan M. Collins, Economic Growth, in *The Economy of Puerto Rico* 18 (Susan M. Collins, Barry P. Bosworth, and Miguel A. Soto-Class eds., 2006).

¹² See www.bls.gov *Statistics at a Glance*.

underserved.¹³ In *Hector Nicolau*, the Commission stated that “[W]ithout the use of satellite operation or rebroadcast arrangements, television operations and programming choices beyond San Juan would be limited.”¹⁴

WTIN(TV). In 2001, the Commission authorized WTIN(TV) to operate as a satellite station of WAPA-TV.¹⁵ Although the original proposal to operate WTIN(TV) as a satellite did not satisfy the presumptive criteria regarding city grade contour overlaps and provision of service to an underserved area, the Commission nonetheless found that the unique circumstances of the Puerto Rico market, discussed above, including its topography and economic conditions, supported satellite status for the station. The applicants state that the situation now is essentially the same as it was when the satellite operation was originally approved. They state that, although a minimal amount of advertising time is sold by the licensee to specifically target the residents of Ponce, the revenues generated from those advertising sales are too small to permit operation of WTIN(TV) as a stand-alone commercial station.¹⁶ Based on the conditions of the Puerto Rico market and the past performance of the station, they argue that WTIN(TV) cannot operate as a viable stand-alone station. Based on the record in this case and on our prior precedent, we agree with the applicant’s conclusions.

WNJX-TV. In 2001, the Commission authorized WNJX-TV to operate as a satellite of WAPA-TV.¹⁷ Although there is no city grade overlap between the stations, WNJX-TV does not serve an underserved area under our transmission or reception standards and, therefore, does not meet our presumptive criteria. The Commission nonetheless approved its satellite operation under an *ad hoc* analysis. Television service in Mayaguez is heavily dependent on the rebroadcast of programming from stations located in other parts of the island. Of the three stations in Mayaguez, one is commonly owned and operated with another island station and the other two rebroadcast the programming of other island stations. In previous decisions, the Commission has stated that the south-central coast of Puerto Rico, where Mayaguez is located, lacks the economic base to sustain full-service operations.¹⁸ In his declaration attached to the application, Mr. Ramos states that the station does not generate any advertising revenues that would permit the operation of the station as a stand-alone entity. We believe that the conditions that justified the past satellite operation of WNJX-TV continue to exist.

¹³ 5 FCC Rcd 6370 (1990).

¹⁴ *Id.*

¹⁵ *Applications of Paxson Communications of San Juan, Inc. and LIN Television Corporation*, 16 FCC Rcd 14139 (2001) (“*Paxson*”) (permitting LIN to continue its attributable rebroadcasting agreement with WTIN(TV), which at the time was not licensed to LIN, and granting continued satellite exceptions for WKPV(TV) and WJWN(TV)).

¹⁶ Declaration of Jose E. Ramos.

¹⁷ *See Application of T. Michael Whitney and LIN Television of San Juan, Inc.*, 16 FCC Rcd 2297 (2001) (“*Whitney*”) (granting LIN’s request to operate WNJX-TV as a satellite of WAPA-TV).

¹⁸ *See, e.g. Paxson*, 16 FCC Rcd at 14143.

WIRS(TV). Satellite operation for WIRS(TV) was originally authorized in 2003.¹⁹ In its 2003 satellite request, LIN stated that WIRS(TV) met the second and third criteria of our satellite waiver policy, but not the first. With respect to the first criterion, LIN submitted an engineering study that shows that there is city grade overlap between WJPX and WIRS. LIN noted that there is a central mountain range between the stations causing significant signal blockage. This unique terrain characteristic has contributed to the Commission giving diminished importance to the presence of City Grade overlap in other satellite cases involving Puerto Rico stations located on either side of the mountain range.²⁰ In limited circumstances, the Commission has allowed satellite status despite the presence of City Grade overlap. For example, in *Precht Communications, Inc.*, under facts similar to those here, the Commission allowed satellite status despite City Grade overlap because the proposed satellite station was the only one licensed to the community, provided the only Grade B service to a significant portion of the community of license, and was able to demonstrate its difficult operating conditions.²¹ As in *Precht*, there is only one station assigned to the community of license at issue. Furthermore, that station has to contend with geographical constraints that make the community of license in many ways arguably more remote than the one in *Precht*. Furthermore, our previous decision found that there was long-standing evidence of the inability of WIRS to operate as a full-service, stand-alone station. According to Mr. Ramos, the situation has not changed and the station does not generate any revenue through the sale of local advertising time. In our previous decision, we found that operation of WIRS(TV) as a stand-alone station was not a viable option and we believe that is still the case.

WKPV(TV) and WJWN-TV. In 1994, the Commission authorized stations WKPV(TV) and WJWN-TV to operate as satellites of WJPX-TV, San Juan. That authority was renewed in 1996 and 2001. The applicants state that there is no city grade overlap between WJPX-TV and either of the two stations. They also state that, although there is predicted city grade overlap between the two stations, the Commission has recognized in its previous decision that no actual overlap existed when terrain is considered. According to the application, that situation has not changed.

In regard to the second criterion, WJWN-TV is the only full-service station licensed to San Sebastian, which qualifies it as “underserved” under our transmission test. Ponce, the community of license for WKPV(TV), does not qualify as “underserved,” but the Commission “has not previously considered this to be an obstacle to satellite status”²² for this station “due to the stringent economic circumstances and the unusually severe economic conditions on the

¹⁹ Letter from Barbara A. Kreisman, Chief, Video Division, Media Bureau, to Margaret L. Tobey, Esq., December 11, 2003.

²⁰ See *JEM Communications*, 9 FCC Rcd 4874, 4876 (1994); *Paxson*, 16 FCC Rcd at 14145; *Hector Nicolau*, 5 FCC Rcd 6370, 6371 (1990).

²¹ See *Precht Communications, Inc.*, 13 FCC Rcd 8659 (1998).

²² *Paxson*, 16 FCC Rcd at 14145.

island.”²³ According to Mr. Ramos, neither station generates any revenue through the sale of local advertising. He concludes that neither station would be viable as a stand-alone station and that continued satellite operation is essential for both stations’ continued viability. Based on the record here and on the unique factors that we have repeatedly recognized in the Puerto Rico market, we agree.

Based upon the representations and showing set forth in the application, we find that the applicants have demonstrated that continuing satellite operation is justified for all of the stations at issue. Each station has a long-standing history of satellite operation. All of the stations are impacted by the unique topographical and economic constraints that we have repeatedly recognized as justifying satellite operation for stations in Puerto Rico. The stations serve communities that are geographically isolated and economically constrained. We have repeatedly found, and find again today, that these stations would fail without the ability to operate as satellite stations. Therefore, we find that continued operation of these stations as satellites would be in the public interest. We further find that Intermedia is qualified to operate the stations as proposed and that a grant of the above-captioned applications will serve the public interest, convenience and necessity.

ACCORDINGLY, IT IS ORDERED, That the requests of Intermedia Partners VII, L.P. for continued satellite operation of stations WTIN(TV), WNJX-TV, WIRS(TV), WKPV(TV) and WJWN-TV ARE GRANTED. IT IS FURTHER ORDERED, That the applications for consent to transfer of control of stations WAPA-TV, WJPX(TV), WTIN(TV), WNJX-TV, WIRS(TV), WKPV(TV) and WJWN-TV from LIN Television Corporation to Intermedia Partners VII, L.P. ARE GRANTED.

Sincerely,

Barbara A. Kreisman
Chief, Video Division
Media Bureau

²³ *JEM Communications*, 9 FCC Rcd at 4874.

EXHIBIT A

Station	Community	File Number
WAPA-TV	San Juan, Puerto Rico	BTCCT-20061108AHE
WJPX(TV)	San Juan, Puerto Rico	BTCCT-20061108AHA
WIRS(TV)	Yauco, Puerto Rico	BTCCT-20061108AHF
WTIN(TV)	Ponce, Puerto Rico	BTCCT-20061108AHG
WKPV(TV)	Ponce, Puerto Rico	BTCCT-20061108AHB
WJWN-TV	San Sebastian, Puerto Rico	BTCCT-20061108AHC
WNJX-TV	Mayaguez, Puerto Rico	BTCCT-20061108AGU