

DESCRIPTION OF TRANSACTION

As detailed in Attachment A hereto, Pengo Capital, LLC (“Pengo”) is the ultimate parent of three licensee subsidiaries:¹

- Northland Television, LLC (“Northland”), licensee of WJFW-TV, Rhinelander, Wisconsin and W27AU, Wausau, Wisconsin;
- Bangor Communications, LLC (“Bangor”), licensee of WVII-TV, Bangor, Maine; and
- Rockfleet Broadcasting III, LLC (“Rockfleet III”), licensee of WFVX-LP, Bangor, Maine.

Although Pengo holds less than one percent of the equity of each licensee, Pengo has majority voting control over each licensee. This filing is one of three FCC Form 316 applications being submitted simultaneously on behalf of each licensee seeking the Commission’s consent to the *pro forma* reorganization of Pengo as detailed below.²

Pengo is a Delaware limited liability company with one Managing Member and several non-managing members. Pengo’s Managing Member has 100% voting control over Pengo. Jeffrey Smith is Pengo’s Managing Member. Attachment B hereto describes the ownership

¹ As shown in Attachment A, parties with attributable interests in Northland, Bangor, and Rockfleet III also have attributable interests in Rockfleet Broadcasting II, LLC (“Rockfleet II”), the licensee of WFUP(TV), Vanderbilt, Michigan; WFQX-TV, Cadillac, Michigan; W61CR, Sault Ste. Marie, Michigan; and W54CR, Traverse City, Michigan. The *pro forma* reorganization of Pengo contemplated herein does not affect Rockfleet II.

² All individuals identified herein are U.S. citizens. All entities are U.S. as well, except that Durham Investments, Ltd., which meets the Commission’s insulation criteria, is an Isle of Jersey entity. The address for each of the individuals and entities identified herein (except Durham Investments, Ltd.) is 885 Third Avenue, 34th Floor; New York, NY 10022.

structure of Pengo as reported to the Commission in Pengo's most recent ownership report (FCC Form 323) filing.³

In October 2005, Randall Smith transferred a 43.5% membership interest in Pengo to a new entity – Verde Finance, L.P. It is also contemplated that John Adams' 3.8% interest in Pengo will be transferred to Durham Investments, Ltd., an insulated member of Pengo, although this has not yet occurred. The proposed ownership structure of Pengo following these two transactions is detailed in Attachment C hereto.

As shown in Attachment C, after the transactions, Jeffrey Smith will remain as Managing Member of Pengo, with 100% voting control. The non-managing members of Pengo will be Randall Smith; Verde Finance, L.P.; Woodstead Holdings, LLC; and insulated member Durham Investments, Ltd.⁴

Verde Finance, L.P. is a Delaware limited partnership with one general partner – Quattro Verde, LLC – and seven limited partners:

- Jeffrey Smith;
- Abigail "Traie" Smith;
- Caleb Smith;

³ See FCC Form 323, BOA-20050909AAW. Jeffrey Smith replaced John Adams as Pengo's sole Managing Member in August 2004. At the time, Pengo had an ownership interest in NPR Phoenix, LLC ("NPR"), licensee of KEDJ(AM), Gilbert, AZ (which has since been sold). Counsel for NPR communicated with staff in the FCC's Audio Division and advised staff that Randall Smith had positive control of Pengo by virtue of his majority equity interest. Based on this information, staff advised that the change in Pengo's Managing Member did *not* require a Form 316 application. In any event, it is clear that a Form 316 is required now for the Commission's approval of the ownership structure detailed in Attachment C hereto.

⁴ Jeffrey Smith and Randall Smith both hold positions in and/or have ownership interests in various entities in the ownership hierarchy detailed in Attachment A hereto. Both have been passed upon by the FCC in previous "long-form" applications. See FCC File Nos. BTCCT-19980129IA, BTCCT-19980129IB, BALCT-19990830AAK.

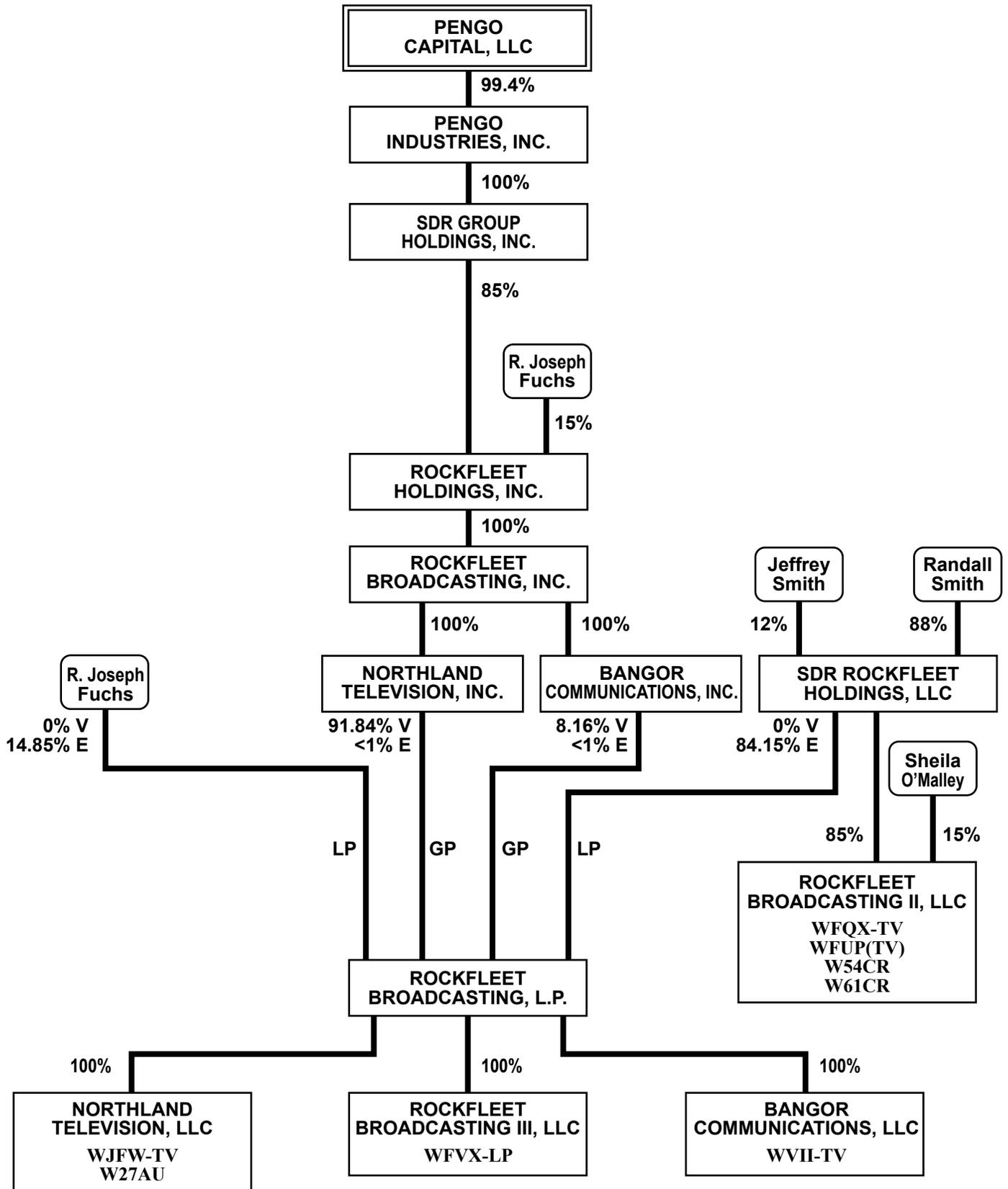
- Bronwen Smith;
- Randall D. Smith 2005 GRAT⁵ FBO Abigail “Traie” Smith; Randall D. Smith, Trustee;
- Randall D. Smith 2005 GRAT FBO Caleb Smith; Randall D. Smith, Trustee; and
- Randall D. Smith 2005 GRAT FBO Bronwen Smith; Randall D. Smith, Trustee.

Quattro Verde, LLC is a Delaware limited liability company. Jeffrey Smith is the sole member of Quattro Verde, LLC.

The reorganization outlined herein involves a transfer of less than 50% of the equity, and no change in voting control, of Pengo, the applicant’s ultimate parent. Further, the parties with controlling interests in Pengo have already been passed upon by the Commission in various “long form” applications. Accordingly, the transfer of control proposed herein is *pro forma* in nature and use of short form application procedures is appropriate.

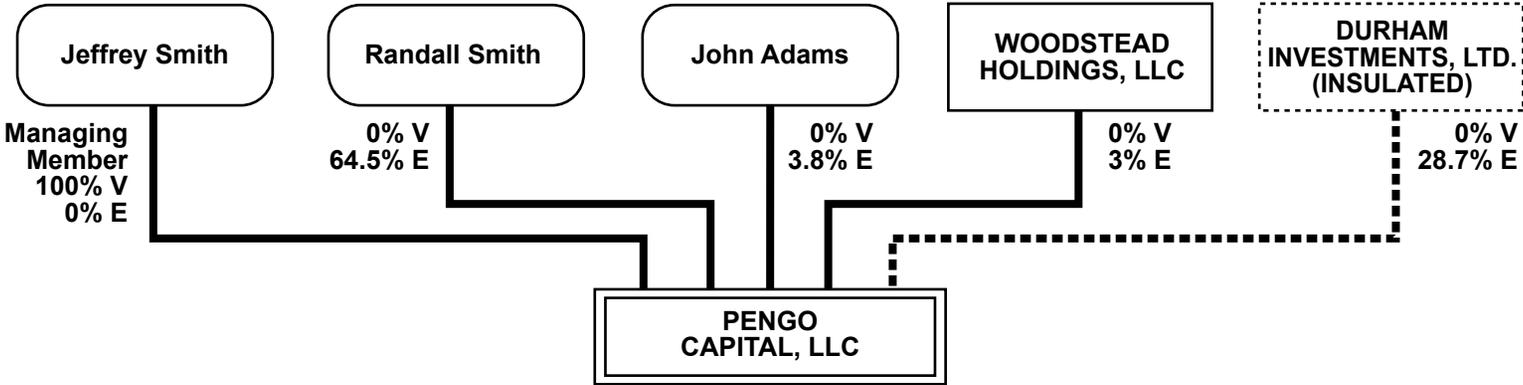
⁵ Guaranteed Remainder Annuity Trust.

Ownership Structure*

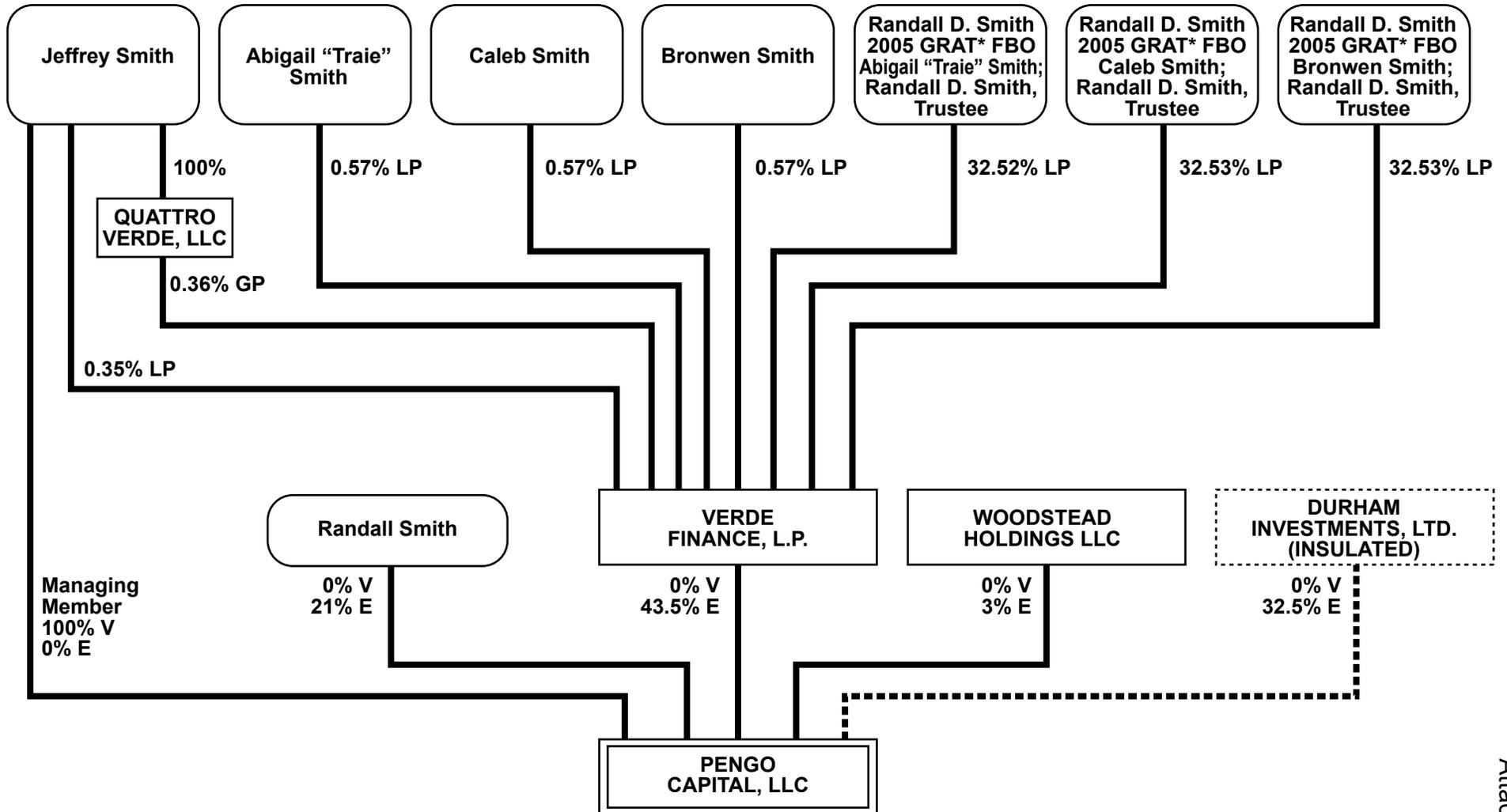


* Unless otherwise noted, percentages represent both voting and equity interests.

Current Reported Ownership Structure



Proposed Ownership Structure



*Guaranteed Remainder Annuity Trust