

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the matter of)	
WSBS LICENSING, INC.)	
)	
WSBS-DT, Facility ID No. 72053)	
Key West, Florida)	
)	CGB-CC-0837 ¹
WSBS-CD, Facility ID No. 29547)	
Miami, <i>et al.</i> , Florida)	
)	
KTBU LICENSING, INC.)	
)	
KTBU(DT), Facility ID No. 28324)	
Conroe, Texas)	
)	
MEGA MEDIA HOLDINGS, INC.)	
)	
MEGA TV Network)	
)	
Petition for Exemption of)	
Closed Captioning Requirement)	
To: The Commission		

**SUPPLEMENT TO PETITION FOR EXEMPTION
OF CLOSED CAPTIONING REQUIREMENT
FOR WSBS LICENSING, INC., KTBU LICENSING, INC. AND
MEGA MEDIA HOLDINGS, INC.**

WSBS Licensing, Inc. (“*WSBS Licensing*”), licensee of television station WSBS-DT, Key West, Florida, and Class A television station WSBS-CD, Miami, *et al.*, Florida (together “*WSBS-TV*”); KTBU Licensing, Inc. (“*KTBU Licensing*”), licensee of television station KTBU(DT), Conroe, Texas (“*KTBU*”); and Mega Media Holdings, Inc. (“*MMHP*” and together with WSBS

¹ A copy of this document is also being filed via the Commission’s Electronic Comment Filing System in Docket CG-06-181.

Licensing and KTBU Licensing, “SBS”), owner of the MegaTV television programming network (“MegaTV”), by their attorneys and pursuant to Sections 79.1(f) and 1.65 of the Commission’s Rules, respectfully submit this Supplement to Petition for Exemption of Closed Captioning Requirement (the “Third Supplement”). This Third Supplement is filed in response to a Letter Request dated September 26, 2013 from the Federal Communications Commission, Consumer and Governmental Affairs Bureau (the “Bureau”), Disability Rights Office (the “Letter Request”). The Letter Request required that updated and supplemental information be filed by October 28, 2013; accordingly, this Third Supplement is timely filed.

I. Background.

WSBS Licensing filed its Petition for Exemption of Closed Captioning Requirement (the “Petition”) on August 8, 2008.² On March 28, 2012, WSBS Licensing filed a Supplement to Petition for Exemption of Closed Captioning Requirement (the “First Supplement”) in order to provide updated information as a result of the *Anglers for Christ Ministries, Inc.* decision.³ In addition, on July 5, 2012, SBS filed a Further Supplement and Amendment (“Second Supplement”) in order to provide clarity concerning the operations of WSBS-TV, KTBU and MegaTV and to request that the original Petition be amended to cover all three entities. The Petition, First Supplement and Second Supplement requested an exemption from the closed captioning requirements based on the undue burden standard set forth in 47 C.F.R. § 79.1(f)(2)

² The Petition was opposed by a standardized letter objection, captioned as an Opposition to Petition for Exemption. See *Opposition to Petition for Exemption*, filed on behalf of Telecommunications for the Deaf and Hard of Hearing, Inc.; National Association of the Deaf; Deaf and Hard of Hearing Consumer Advocacy Network; Hearing Loss Association of America; Association of Late-Deafened Adults, Inc.; American Association of People with Disabilities; and California Coalition of Agencies Serving the Deaf and Hard of Hearing. On February 9, 2009, WSBS Licensing filed a *Reply to Opposition to Petition for Exemption*.

³ See *Anglers for Christ Ministries, Inc.*, Memorandum Opinion and Order, Order, and Notice of Proposed Rulemaking, 26 FCC Rcd 14941 (2011) (“*Anglers Reversal MO&O*”).

of the Commission's Rules (as such standard was modified under the *Anglers Reversal MO&O*). The Petition, the First Supplement and the Second Supplement remain pending.

In its Petition, First Supplement and Second Supplement, SBS demonstrated that it met the statutory requirements and standards necessary for exemption from the closed captioning requirements based on the undue burden standard. Specifically, SBS demonstrated the complex nature and high cost of providing closed captioning for MegaTV's Spanish-language programming, the negative impact that imposition of significant closed captioning-related expenses would have on the television programming and operations segment of SBS, and the substantial financial losses incurred by SBS' television operating segment in its efforts to produce and distribute quality original Spanish-language programming.

II. Responses to Request for Supplemental Information.

In the Letter Request, the Bureau requested the following updated or additional information with respect to SBS' television operations:

- (a) Name of the programming for which an exemption is requested.
- (b) The nature and cost of the closed captions for the programming.
- (c) The impact of captioning on programming activities.
- (d) Financial resources, including video programming distributor assistance and/or additional sponsorships.
- (e) Type of operations.

SBS hereby provides the requested supplemental information below:

(a) Name of the programming for which an exemption is requested.

SBS requests the exemption for all non-captioned programming distributed by the MegaTV network. Copies of the programming grids for WSBS-TV, KTBU, the national affiliate feed and the Puerto Rico feed are submitted as Exhibit A.

(b) The nature and cost of the closed captions for the programming.

Under current rules, SBS is required to caption “100% of . . . new nonexempt Spanish language video programming.” 47 C.F.R. § 79.1(b)(3)(iv). Compliance with this requirement would amount to an estimated annual expense for SBS of between \$450,000 and \$900,000. This figure is based on captioning 20 hours per day of programming and an hourly cost between \$62 and \$121 per hour, based on estimates received by SBS in 2012 from two vendors. In updating this information for this filing, the vendors quoted substantially the same rates. *See Declaration of Alex Aleman* (attached hereto). Additional expenses would be incurred for taping and for the provision of dedicated phone lines.

SBS is, however, permitted to limit closed captioning expenditures to 2% of gross revenues from the previous calendar year. Under this scenario, SBS’ 2011 closed captioning costs would have been approximately \$402,514 and SBS’ 2012 closed captioning costs would have been approximately \$408,814 based on gross revenue in its television operating segment. As explained in prior filings and as updated at subsection (d) below, the television operating segment of SBS has consistently incurred substantial financial losses from operations. Additional expenditures in the hundreds of thousands of dollars would undoubtedly constitute an undue burden and hamper the development of new programming on WSBS-TV, KTBU and the MegaTV network.

SBS estimates the capital expenditures to purchase closed captioning equipment for its Miami and Puerto Rico television production studios would be approximately \$45,000. This estimate does not include the on-going costs of hiring personnel to operate the closed captioning equipment or the cost to caption old programming, which would likely be outsourced to a third party provider. Moreover, automated captioning technology is generally considered inferior to

human transcription and is often not usable, in particular for Spanish language programming. For this reason, SBS has not specifically calculated the personnel costs associated with captioning programming in-house.

(c) The impact of captioning on programming activities.

SBS has two reportable operating segments: radio and television. SBS' television operating segment has incurred significant losses over the past several years. As summarized in subsection (d) below, losses at the television operating segment have totaled more than \$100,000,000 over the past seven years. SBS' television operations cannot absorb sizeable additional expenses without a significant negative impact on the production of Spanish language programming and overall operations. If SBS incurred several hundred thousand dollars in additional expenses to caption its programming, the budget available for the production or acquisition of new primetime programming would be reduced, and the viewers of WSBS-TV, KTBU and other MegaTV affiliates would suffer because the amount of new originally produced Spanish-language programming would decline. Moreover, given current financial constraints on the television operating segment, it is inevitable that other areas would need to be significantly cut in order to pay for captioning. Clearly, the additional hundreds of thousands of dollars it would cost to close caption its programming would constitute an undue burden upon SBS.

(d) Financial resources, including video programming distributor assistance and/or additional sponsorships.

Financial Resources. As outlined in previous filings, SBS has incurred the following losses from its television operations over the past several years:

2006	\$20,428,000
2007	\$12,717,000
2008	\$36,342,000
2009	\$16,045,000
2010	\$10,585,000

2011	\$ 8,595,000
2012	\$ 4,567,000

Thus, losses from SBS' television operations from 2006 through 2012 totaled \$109,279,000. Losses at the television operating segment for Years ended 2012 and 2011 are set forth on the summary table submitted as Exhibit B. In addition, Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive (Loss) Income for Years ended December 31, 2012 and 2011 are submitted as Exhibit C. The foregoing financial statements are from the Spanish Broadcasting System, Inc. 10-K submitted for the fiscal year ended December 31, 2012 and reflect financial results of all SBS operating segments.

MVPD Assistance and Additional Sponsorship. SBS has sent correspondence to each of the primary multichannel video programming distributors ("MVPDs") that carry MegaTV in the United States requesting closed captioning assistance. No MVPD has responded positively to this request. *See Declaration of Mr. Joseph A. Garcia*, submitted herewith. SBS has also conducted research on the possibility of obtaining grant funds to assist with closed captioning and has determined that the available grants are generally limited to providing captioning assistance for educational, not commercial, programming.

(e) **Type of operations.**

SBS' overall operations have been described in the Petition, the First Supplement and the Second Supplement. To summarize, the television operating segment operates under the MegaTV brand. MegaTV is a unique television format which focuses on entertainment, current events and variety with high-quality content. The programming is formatted to capture a larger share of the U.S. Hispanic audience, offering a new alternative compared to traditional Hispanic television channels. MegaTV's programming is based on a strategy designed to showcase a combination of programs, ranging from televised radio-branded shows to general entertainment

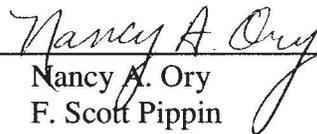
programs, such as music, celebrity, debate, interviews and personality based shows. MegaTV produces over 50 hours of original programming each week. Unfortunately, launching a new Spanish-language television network is a costly, multi-year process, and the MegaTV operations have yet to become profitable.

III. Conclusion.

For the reasons set forth in the Petition, First Supplement, Second Supplement and this Third Supplement, WSBS Licensing, KTBU Licensing and MMHI respectfully request a continued exemption from the closed captioning requirements.

Respectfully submitted,

WSBS Licensing, Inc.
KTBU Licensing, Inc.
Mega Media Holdings, Inc.

By: 
Nancy A. Ory
F. Scott Pippin
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2000 K Street, NW, Suite 600
Washington, DC 20006-1809

October 28, 2013

Its Attorneys

Exhibit A – Programming Grids

See Attachments.

WSBS GRID - OCTOBER 2013

EST	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	EST	
7:00	PAID PROGRAMMING					<i>Mega Kids</i>		7:00	
7:30	<i>En Contacto (INFOMERCIAL)</i>							7:30	
8:00								8:00	
8:30	PAID PROGRAMMING					<i>Cayo Hueso</i>	PAID PROGRAMMING	8:30	
9:00						<i>Vámonos de Viaje</i>		9:00	
9:30 - 2:30						9:30 - 2:30			
3:00						3:00			
3:30						3:30			
4:00	PAID PROGRAMMING					PAID PROGRAMMING	4:00		
4:30							4:30		
5:00							<i>Paparazzi TV</i>		
5:30	<i>Lo Mejor de Radio en Mega TV</i>					<i>Teresa</i>	5:30		
6:00							6:00		
6:30	<i>Antena Live</i>					<i>Puerta Astral</i>	6:30		
7:00	<i>El Show de Fernando Hidalgo</i>						<i>7 en 30</i>	7:00	
7:30							<i>TV Marti</i>	7:30	
8:00	<i>Ahora con Oscar Haza</i>					<i>Mega Cine</i>	<i>Mega Especiales</i>	8:00	
8:30							8:30		
9:00	<i>Charytin & Felipe El Show</i>						<i>Paparazzi sin Censura</i>	9:00	
9:30						9:30			
10:00	<i>Bayly</i>					PAID PROGRAMMING	<i>Alain El Clarividente</i>	10:00	
10:30							10:30		
11:00	<i>En Corte con el Dr. Ricardo Corona (INFOMERCIAL)</i>						PAID PROGRAMMING	PAID PROGRAMMING	11:00
11:30									11:30
12:00	<i>Antena Live (RR)</i>								12:00
12:30 AM	<i>On the Street with Dariel Fernandez (INFOMERCIAL)</i>					12:30 AM			

Week of October 7th thru October 13th of 2013

HOUSTON GRID- OCTOBER 2013

CT	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	CT
6:00	PAID PROGRAMMING					PAID PROGRAMMING		6:00
6:30						PAID PROGRAMMING		6:30
7:00						<i>Mega Kids</i>		7:00
7:30						<i>Mega Kids</i>		7:30
8:00						<i>Mega Kids</i>		8:00
8:30						PAID PROGRAMMING		8:30
9:00								9:00
9:30								9:30
10:00								10:00
10:30								10:30
11:00	11:00							
11:30	11:30							
12:00	12:00							
12:30	12:30							
1:00	1:00							
1:30	1:30							
2:00	<i>Charytin & Felipe El Show (RR)</i>					2:00		
2:30	<i>El Desprecio</i>					2:30		
3:00						3:00		
3:30						3:30		
4:00						4:00		
4:30	<i>Paparazzi TV</i>					4:30		
5:00	<i>Lo Mejor de la Radio en Mega TV</i>					<i>ESPN Deportes</i>	<i>Alain El Clarividente</i>	5:00
5:30	<i>El Show de Fernando Hidalgo</i>					<i>LMD Charytin & Felipe El Show</i>	<i>Puerta Astral</i>	5:30
6:00						6:00		
6:30	<i>Ahora con Oscar Haza</i>					<i>Mega Cine</i>	<i>Mega Especiales</i>	7:00
7:00							7:30	
7:30						<i>Charytin & Felipe El Show</i>	<i>Paparazzi sin Censura</i>	8:00
8:00	<i>Bayly</i>					<i>LMD Paparazzi TV</i>	<i>Alain El Clarividente (RR)</i>	9:00
9:00							9:30	
9:30	<i>Portada</i>					<i>Hacienda Heights</i>	<i>Lo Mejor de Radio en Mega TV Edición Dominical</i>	10:00
10:00	PAID PROGRAMMING						10:30	
10:30						11:00		
11:00						11:30		
11:30						12:00		
12:00						12:30		
12:30						1:00		
1:00						1:30		
1:30						2:00		
2:00						2:30		
2:30						3:00		
3:00	3:30							
3:30	4:00							
4:00	4:30							
4:30	5:00							
5:00	5:30							
5:30	5:30							

Week of October 7th thru October 13th of 2013

PROGRAMMING IS SUBJECT TO CHANGE WITHOUT PRIOR NOTICE

NATIONAL GRID -OCTOBER 2013

PT	MT	CT	EST	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	EST	CT	MT					
3:00	4:00	5:00	6:00	Radio en Televisión - El Circo Live						PAID PROGRAMMING		6:00	5:00	4:00				
3:30	4:30	5:30	6:30									6:30	5:30	4:30				
4:00	5:00	6:00	7:00									7:00	6:00	5:00				
4:30	5:30	6:30	7:30									7:30	6:30	5:30				
5:00	6:00	7:00	8:00									8:00	7:00	6:00				
5:30	6:30	7:30	8:30									8:30	7:30	6:30				
6:00	7:00	8:00	9:00	Radio en Televisión - El Mandril Live						PAID PROGRAMMING		9:00	8:00	7:00				
6:30	7:30	8:30	9:30									9:30	8:30	7:30				
7:00	8:00	9:00	10:00									10:00	9:00	8:00				
7:30	8:30	9:30	10:30									10:30	9:30	8:30				
8:00	9:00	10:00	11:00									11:00	10:00	9:00				
8:30	9:30	10:30	11:30									11:30	10:30	9:30				
9:00	10:00	11:00	12:00	Radio en Televisión - El Vacilón de NY						PAID PROGRAMMING		12:00	11:00	10:00				
9:30	10:30	11:30	12:30									12:30	11:30	10:30				
10:00	11:00	12:00	1:00									1:00	12:00	11:00				
10:30	11:30	12:30	1:30									1:30	12:30	11:30				
11:00	12:00	1:00	2:00									2:00	1:00	12:00				
11:30	12:30	1:30	2:30									2:30	1:30	12:30				
12:00	1:00	2:00	3:00	Charytin & Felipe El Show (RR)						Cayo Hueso Al Dia	El Show de Nancy	3:00	2:00	1:00				
12:30	1:30	2:30	3:30							Vámonos de Viaje		3:30	2:30	1:30				
1:00	2:00	3:00	4:00	El Desprecio						ESPN Deportes	ESPN Deportes (RR)	4:00	3:00	2:00				
1:30	2:30	3:30	4:30									4:30	3:30	2:30				
2:00	3:00	4:00	5:00	Paparazzi TV								ESPN Deportes	ESPN Deportes (RR)	5:00	4:00	3:00		
2:30	3:30	4:30	5:30											5:30	4:30	3:30		
3:00	4:00	5:00	6:00	Lo Mejor de Radio en Mega TV										ESPN Deportes	ESPN Deportes (RR)	6:00	5:00	4:00
3:30	4:30	5:30	6:30													6:30	5:30	4:30
4:00	5:00	6:00	7:00	El Show de Fernando Hidalgo						LMD Charytin & Felipe El Show	Puerta Astral					7:00	6:00	5:00
4:30	5:30	6:30	7:30							7:30						6:30	5:30	
5:00	6:00	7:00	8:00	Ahora con Oscar Haza						Mega Cine	Mega Especiales	8:00	7:00			6:00		
5:30	6:30	7:30	8:30									8:30	7:30			6:30		
6:00	7:00	8:00	9:00	Charytin & Felipe El Show								Mega Cine	Mega Especiales	9:00	8:00	7:00		
6:30	7:30	8:30	9:30											9:30	8:30	7:30		
7:00	8:00	9:00	10:00	BAYLY										LMD Paparazzi TV	Alain El Clarividente (RR)	10:00	9:00	8:00
7:30	8:30	9:30	10:30											10:30		9:30	8:30	
8:00	9:00	10:00	11:00	El Show de Fernando Hidalgo (RR)						Hacienda Heights	Lo Mejor de Radio en Mega TV Edición Dominical			11:00	10:00	9:00		
8:30	9:30	10:30	11:30							11:30	10:30			9:30				
9:00	10:00	11:00	12:00	Paparazzi TV (RR)						LMD Bayly	Xpediente	12:00	11:00	10:00				
9:30	10:30	11:30	12:30							12:30		11:30	10:30					
10:00	11:00	12:00	1:00	Ahora con Oscar Haza (RR)						Mega Cine (RR)	Puerta Astral (RR)	1:00	12:00	11:00				
10:30	11:30	12:30	1:30									1:30	12:30	11:30				
11:00	12:00	1:00	2:00	PAID PROGRAMMING								Mega Cine (RR)	Mega Especiales (RR)	2:00	1:00	12:00		
11:30	12:30	1:30	2:30											2:30	1:30	12:30		
12:00	1:00	2:00	3:00	Bayly (RR)										LMD Ahora con Oscar Haza	Paparazzi sin Censura (RR)	3:00	2:00	1:00
12:30	1:30	2:30	3:30											3:30	2:30	1:30		
1:00	2:00	3:00	4:00	El Desprecio (RR)						LMD Paparazzi TV (RR)	Lo Mejor de Radio en Mega TV Edición Dominical (RR)			4:00	3:00	2:00		
1:30	2:30	3:30	4:30							4:30	3:30			2:30				
2:00	3:00	4:00	5:00	Lo Mejor de Radio en Mega TV (RR)						PAID PROGRAMMING		5:00	4:00	3:00				
2:30	3:30	4:30	5:30									5:30	4:30	3:30				

Week of October 7th thru October 13th of 2013

PUERTO RICO GRID OCTOBER - 2013

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday			
PRT							PR ST			
6:00							Mega Kids	6:00		
6:30							Mega Kids	6:30		
7:00							Mega Kids	7:00		
7:30	Radio en Televisión- El Circo TV (Live)						PAID PROGRAMMING	7:30		
8:00								8:00		
8:30								8:30		
9:00								9:00		
9:30								9:30		
10:00								10:00		
10:30								10:30		
11:00	Radio en Televisión- El Vacilón de NY						11:00			
11:30							11:30			
12:00	Charytin (RR)						12:00			
12:30							12:30			
1:00	Radio en Televisión - El Circo TV (RR)						PAID PROGRAMMING	1:00		
1:30								1:30		
2:00								Mega Kids	2:00	
2:30								Mega Kids	2:30	
3:00								Mega Kids	3:00	
3:30								22 Minutos	22 Minutos	3:30
4:00								ESPN Deportes	ESPN Deportes	4:00
4:30		Area Restringida	4:30							
5:00	Raíces y Recuerdos						5:00			
5:30							5:30			
6:00	Paparazzi TV						LMD Charytin & Felipe El Show	Alain El Clarividente	6:00	
6:30									6:30	
7:00	El Desprecio						Mega Cine	Puerta Astral	7:00	
7:30								7:30		
8:00	El Show de Fernando Hidalgo							Código Secreto	8:00	
8:30									8:30	
9:00	Ahora con Oscar Haza						LMD Paparazzi TV	Mega Especiales	9:00	
9:30									9:30	
10:00	Charytin & Felipe El Show						LMD Bayly	Paparazzi sin Censura	10:00	
10:30									10:30	
11:00	Bayly						Hacienda Heights	Lo Mejor de Radio Mega TV Edición Dominical	11:00	
11:30										11:30
12:00	Lo Mejor de la Radio en Mega TV						Mega Cine (RR)	Alain El Clarividente (RR)	12:00	
12:30								Puerta Astral (RR)	12:30	
1:00	Paparazzi TV (RR)									1:00
1:30									1:30	
2:00	PAID PROGRAMMING						LMD Ahora con Oscar Haza	Mega Especiales (RR)	2:00	
2:30									2:30	
3:00							LMD Paparazzi TV (RR)	Paparazzi sin Censura (RR)	3:00	
3:30									3:30	
4:00	Bayly (RR)						ESPN Deportes (RR)	Lo Mejor de Radio en Mega TV Edición Dominical (RR)	4:00	
4:30										4:30
5:00	Ahora con Oscar Haza (RR)							Código Secreto (RR)	5:00	
5:30									5:30	

Week of October 7th thru October 13th of 2013

PROGRAMMING IS SUBJECT TO CHANGE WITHOUT PRIOR NOTICE

Exhibit B – Operating Segment Financial Data 2012 and 2011

See Attachment.

Year Ended 2012 Compared to Year Ended 2011

The following summary table presents separate financial data for each of our operating segments (in thousands).

	<u>2012</u>	<u>2011</u>
Net revenue:		
Radio	\$121,414	123,155
Television	<u>18,108</u>	<u>17,829</u>
Consolidated	<u>\$139,522</u>	<u>140,984</u>
Engineering and programming expenses:		
Radio	\$ 20,101	22,488
Television	<u>11,144</u>	<u>14,993</u>
Consolidated	<u>\$ 31,245</u>	<u>37,481</u>
Selling, general, and administrative:		
Radio	\$ 49,108	43,637
Television	<u>8,521</u>	<u>8,796</u>
Consolidated	<u>\$ 57,629</u>	<u>52,433</u>
Corporate expenses	<u>\$ 7,507</u>	<u>7,247</u>
Depreciation and amortization:		
Radio	\$ 2,062	2,267
Television	2,999	2,629
Corporate	<u>403</u>	<u>540</u>
Consolidated	<u>\$ 5,464</u>	<u>5,436</u>
(Gain) loss on disposal of assets, net:		
Radio	\$ (15)	(8)
Television	—	6
Corporate	—	(8)
Consolidated	<u>\$ (15)</u>	<u>(10)</u>
Impairment of assets and restructuring costs:		
Radio	\$ 48	—
Television	11	—
Corporate	<u>383</u>	<u>207</u>
Consolidated	<u>\$ 442</u>	<u>207</u>
Operating (loss) income:		
Radio	\$ 50,110	54,771
Television	<u>(4,567)</u>	<u>(8,595)</u>
Corporate	<u>(8,293)</u>	<u>(7,986)</u>
Consolidated	<u>\$ 37,250</u>	<u>38,190</u>

Exhibit C – Consolidated Balance Sheets and
Consolidated Statements of Operations and Comprehensive (Loss) Income
Years ended December 31, 2012 and 2011

See Attachments.

**SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2012 and 2011

(In thousands, except share data)

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,660	71,266
Receivables:		
Trade	27,638	24,014
Barter	377	627
	28,015	24,641
Less allowance for doubtful accounts	1,592	844
Net receivables	26,423	23,797
Prepaid expenses and other current assets	2,161	4,354
Total current assets	55,244	99,417
Property and equipment, net	38,014	41,743
FCC broadcasting licenses	323,055	323,055
Goodwill	32,806	32,806
Other intangible assets, net of accumulated amortization of \$642 in 2012 and \$380 in 2011	1,906	2,168
Deferred financing costs, net of accumulated amortization of \$3,015 in 2012 and \$7,137 in 2011	14,601	465
Other assets	1,792	1,858
Total assets	\$ 467,418	501,512
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,275	16,783
Accrued interest	7,339	280
Unearned revenue	527	914
Other liabilities	669	795
Current portion of the senior credit facility term loan due 2012	—	36,313
Current portion of other long-term debt	3,009	3,039
Series B cumulative exchangeable redeemable preferred stock dividends payable	29,369	21,923
Total current liabilities	57,188	80,047
Other liabilities, less current portion:	802	603
Derivative instruments	816	740
Senior credit facility term loan due 2012, less current portion	267,806	266,750
Other long-term debt, less current portion	8,262	11,271
Deferred income taxes	86,049	84,368
Total liabilities	420,923	443,779
Commitments and contingencies (notes 13, 15, and 17)		
Cumulative exchangeable redeemable preferred stock:		
10 3/4% Series B cumulative exchangeable redeemable preferred stock, \$0.01 par value, liquidation value \$1,000 per share. Authorized 280,000 shares; 92,349 shares issued and outstanding at December 31, 2012 and 2011, respectively	92,349	92,349
Stockholders' deficit:		
Series C convertible preferred stock, \$0.01 par value and liquidation value. Authorized 600,000 shares; 380,000 shares issued and outstanding at December 31, 2012 and 2011, respectively	4	4
Class A common stock, \$0.0001 par value. Authorized 100,000,000 shares; 4,166,991 shares issued and outstanding at December 31, 2012 and 2011, respectively	—	—
Class B common stock, \$0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at December 31, 2012 and 2011, respectively	—	—
Additional paid-in capital	525,281	525,235
Accumulated other comprehensive loss, net	(816)	(740)
Accumulated deficit	(570,323)	(559,115)
Total stockholders' deficit	(45,854)	(34,616)
Total liabilities and stockholders' deficit	\$ 467,418	501,512

See accompanying notes to consolidated financial statements.

**SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Operations and Comprehensive (Loss) Income

Years ended December 31, 2012 and 2011

(In thousands, except share data)

	<u>2012</u>	<u>2011</u>
Net revenue	\$139,522	140,984
Operating expenses:		
Engineering and programming	31,245	37,481
Selling, general and administrative	57,629	52,433
Corporate expenses	7,507	7,247
Depreciation and amortization	5,464	5,436
Total operating expenses	<u>101,845</u>	<u>102,597</u>
Gain on the disposal of assets	(15)	(10)
Impairment charges and restructuring costs	442	207
Operating income	37,250	38,190
Other (expense) income:		
Interest expense	(36,555)	(8,217)
Interest income	12	35
Loss on early extinguishment of debt	(391)	—
(Loss) income before income taxes	<u>316</u>	<u>30,008</u>
Income tax expense	1,597	6,306
Net (loss) income	<u>(1,281)</u>	<u>23,702</u>
Dividends on Series B preferred stock	(9,927)	(9,927)
Net (loss) income available to common stockholders	<u>\$ (11,208)</u>	<u>13,775</u>
Basic net (loss) income per common share	\$ (1.54)	1.90
Diluted net (loss) income per common share	(1.54)	1.89
Weighted average common shares outstanding:		
Basic	7,267	7,267
Diluted	7,267	7,278
Net (loss) income	<u>(1,281)</u>	<u>23,702</u>
Other comprehensive (loss) income, net of taxes- unrealized gain (loss) on derivative instrument	(76)	89
Total comprehensive (loss) income	<u>(1,357)</u>	<u>23,791</u>

See accompanying notes to consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Deficit

Years ended December 31, 2012 and 2011

(In thousands, except share data)

	Class C preferred stock		Class A common stock		Class B common stock		Additional paid-in capital	Accumulated other comprehensive loss, net	Accumulated deficit	Total stockholders' deficit
	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value				
Balance at December 31, 2010	380,000	\$ 4	4,163,991	\$ —	2,340,353	\$ —	525,205	(829)	(572,890)	(48,510)
Issuance of Class A common stock from vesting of restricted stock	—	—	3,000	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	30	—	—	30
Series B preferred stock dividends	—	—	—	—	—	—	—	—	(9,927)	(9,927)
Comprehensive income:										
Net income	—	—	—	—	—	—	—	—	23,702	23,702
Unrealized gain on derivative instrument	—	—	—	—	—	—	—	89	—	89
Balance at December 31, 2011	380,000	4	4,166,991	—	2,340,353	—	525,235	(740)	(559,115)	(34,616)
Stock-based compensation	—	—	—	—	—	—	46	—	—	46
Series B preferred stock dividends	—	—	—	—	—	—	—	—	(9,927)	(9,927)
Comprehensive loss:										
Net loss	—	—	—	—	—	—	—	—	(1,281)	(1,281)
Unrealized loss on derivative instrument	—	—	—	—	—	—	—	(76)	—	(76)
Balance at December 31, 2012	<u>380,000</u>	<u>\$ 4</u>	<u>4,166,991</u>	<u>\$ —</u>	<u>2,340,353</u>	<u>\$ —</u>	<u>525,281</u>	<u>(816)</u>	<u>(570,323)</u>	<u>(45,854)</u>

See accompanying notes to consolidated financial statements.

**SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

(In thousands, except share data)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net (loss) income	\$ (1,281)	23,702
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Gain on the disposal of assets	(15)	(10)
Impairment charges and restructuring costs	379	207
Stock-based compensation	46	30
Depreciation and amortization	5,464	5,436
Net barter income	(388)	(487)
Provision for trade doubtful accounts	1,091	801
Loss on early extinguishment of debt	391	—
Amortization of deferred financing costs	3,122	1,049
Amortization of original issued discount	1,056	—
Deferred income taxes	1,681	6,121
Unearned revenue-barter	147	528
Changes in operating assets and liabilities:		
Trade receivables	(3,967)	1,690
Prepaid expenses and other current assets	299	(1,135)
Other assets	66	309
Accounts payable and accrued expenses	(400)	(908)
Accrued interest	7,059	(3,777)
Other liabilities	(187)	(544)
Net cash provided by operating activities	<u>14,563</u>	<u>33,012</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,591)	(2,735)
Proceeds from the sale of property and equipment	10	37
Acquisition of a television station and related equipment	—	(8,000)
Net cash used in investing activities	<u>(1,581)</u>	<u>(10,698)</u>
Cash flows from financing activities:		
Proceeds from 12.5% senior secured notes due 2017	266,750	—
Payment of financing costs	(15,755)	—
Payment of senior credit facility term loan 2012	(303,063)	(3,250)
Payment of Series B preferred stock cash dividends	(2,481)	(2,482)
Payments of other long-term debt	(3,039)	(456)
Net cash used in financing activities	<u>(57,588)</u>	<u>(6,188)</u>
Net (decrease) increase in cash and cash equivalents	<u>(44,606)</u>	<u>16,126</u>
Cash and cash equivalents at beginning of year	71,266	55,140
Cash and cash equivalents at end of year	<u>\$ 26,660</u>	<u>\$ 71,266</u>
Supplemental cash flows information:		
Interest paid	\$ 25,238	10,881
Income tax paid, net	\$ 298	8
Noncash investing and financing activities:		
Transfer of prepaid expenses and other current assets to deferred financing costs	\$ (1,861)	—
Promissory note issued for the acquisition of a television station and related equipment	\$ —	8,000
Unrealized (loss) gain on derivative instruments	\$ (76)	89
Accrual of Series B preferred stock dividends not declared	\$ 7,446	7,445

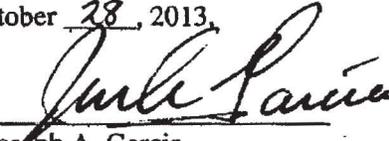
See accompanying notes to consolidated financial statements.

DECLARATION

I, Joseph A. Garcia, declare the following:

1. I am Senior Executive Vice President of WSBS Licensing, Inc., KTBU Licensing, Inc. and Mega Media Holdings, Inc.
2. I have reviewed the foregoing Supplement to Petition for Exemption of Closed Captioning Requirement filed on behalf of WSBS Licensing, Inc., KTBU Licensing, Inc. and Mega Media Holdings, Inc., including the financial statements for Fiscal Years ending 2011 and 2012 for the entities' parent company, Spanish Broadcasting System, Inc. All information and statements contained in the Petition are true and correct to the best of my knowledge and belief.
3. SBS has sent correspondence to the multichannel video programming distributors that carry the MEGATV network in the United States requesting closed captioning assistance, and no assistance has been provided.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 28, 2013.



Joseph A. Garcia
Senior Executive Vice President
WSBS Licensing, Inc.
KTBU Licensing, Inc.
Mega Media Holdings, Inc.

Declaration

I, Alex Aleman, hereby declare under penalty of perjury that the following is true and correct.

I am Vice President of Operations for MegaTV, which includes the MegaTV network, WSBS-DT, Key West, Florida, Class A television station WSBS-CD, Miami, et al., Florida, and KTBU, Houston, Texas.

I received updated quotes from two reputable providers of Spanish language closed captioning services. These ranged from \$62 to \$121 per hour.



Alex Aleman
Vice President of Operations
MegaTV
Spanish Broadcasting System, Inc.

Date: October 28, 2013