

HEMISPHERE MEDIA GROUP, INC.
Form DEF 14A
March 31, 2015

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Hemisphere Media Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

HEMISPHERE MEDIA GROUP, INC.
2000 Ponce de Leon Boulevard, Suite 500
Coral Gables, FL 33134

March 31, 2015
Dear Stockholder:

On behalf of the Board of Directors, I am pleased to invite you to join us for our annual meeting of stockholders on Tuesday, May 19, 2015. The meeting will be held at 9:30 a.m., local time, at the offices of Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, FL 33131.

This year you will be asked to vote on the following proposals:

- (1) the election of three Class II directors to the Board of Directors for a three-year term; and
- (2) the ratification of the Board of Directors' appointment of McGladrey LLP as our independent registered public accounting firm for our 2015 fiscal year.

The Board of Directors recommends a vote FOR proposals 1 and 2. These proposals are described in the attached proxy statement, which you are encouraged to read fully. We will also consider any additional business that may be properly brought before the annual meeting.

We are utilizing the U.S. Securities and Exchange Commission rules allowing companies to furnish their proxy materials over the Internet. Instead of a paper copy of this Proxy Statement and our 2014 Annual Report, most of our stockholders are receiving a notice regarding the availability of our proxy materials. The notice includes instructions on how to access the proxy materials over the Internet. The notice also contains instructions on how each stockholder can receive a paper copy of our proxy materials, including this Proxy Statement, our 2014 Annual Report and a form of proxy card.

The Board of Directors has fixed March 20, 2015 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Only holders of record of shares of Class A common stock, par value \$0.0001 per share and Class B common stock, par value \$0.0001 per share (collectively, the "Common Stock") of Hemisphere Media Group, Inc. at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting. At the close of business on the record date, Hemisphere Media Group, Inc. had 15,091,401 shares of Class A common stock and 30,027,418 of Class B common stock outstanding and entitled to vote.

Your vote is important and it is important that your shares be represented at the annual meeting. To ensure that your shares are represented at the annual meeting, whether or not you plan to attend, please vote by proxy using the Internet or the telephone, or by completing, signing, dating, and returning the enclosed proxy card in the envelope provided. Stockholders of record who attend the annual meeting may revoke their proxies and vote in person at the annual meeting, if they wish to do so. We appreciate your continued support.

Sincerely,

Alan J. Sokol

President, Chief Executive Officer and Director

Table of Contents

**HEMISPHERE MEDIA GROUP, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of Hemisphere Media Group, Inc.:

The annual meeting of the stockholders of Hemisphere Media Group, Inc. (the "Annual Meeting") will be held on Tuesday, May 19, 2015 at 9:30 a.m., local time, at the offices of Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, FL 33131 for the following purposes:

- (1) to elect three Class II directors to the Board of Directors for a three-year term expiring at the 2018 annual meeting;
- (2) to ratify the Board of Directors' appointment of McGladrey LLP as our independent registered public accounting firm for our fiscal year ending on December 31, 2015; and
- (3) to consider all other appropriate matters brought before the Annual Meeting.

All stockholders of record as of March 20, 2015 will be entitled to vote at the Annual Meeting. If you are a stockholder of record, you can vote your shares in one of two ways: either in person or by proxy at the Annual Meeting. If you are a stockholder of record and choose to vote in person, you must attend the Annual Meeting. If you choose to vote by proxy, you may do so by using the Internet or the telephone, or by completing, signing, dating, and returning the enclosed proxy card in the envelope provided. Whichever method you use to vote by proxy, each valid proxy received in time will be voted at the Annual Meeting in accordance with your instructions. To ensure that your proxy is voted, your proxy, whether given by the Internet, the telephone, or mailing the proxy card, should be received by 7:00 p.m., Eastern time, on May 18, 2015. If you submit a proxy without giving instructions, your shares will be voted as recommended by the Board of Directors. If your shares are held on your behalf by a bank, broker, or other nominee, the proxy statement accompanying this notice will provide additional information on how you may vote your shares. Stockholders of record who attend the Annual Meeting may revoke their proxies and vote in person at the Annual Meeting, if they wish to do so.

We have decided to use the Securities and Exchange Commission's Notice and Access model ("Notice and Access"), which allows us to deliver proxy materials via the Internet. We believe Notice and Access provides stockholders with a convenient method to access the proxy materials and vote, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. On or about March 31, 2015, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy statement and our 2014 Annual Report online and how to vote via the Internet or by telephone. The Notice also contains instructions on how to receive a paper copy of the proxy materials and our 2014 Annual Report.

By Order of the Board of Directors,

Alex J. Tolston
General Counsel and Corporate Secretary

2000 Ponce de Leon Boulevard, Suite 500
Coral Gables, FL 33134
March 31, 2015

YOUR VOTE IS IMPORTANT

WE URGE YOU TO VOTE USING TELEPHONE OR INTERNET VOTING, IF AVAILABLE TO YOU, OR IF YOU RECEIVED THESE PROXY MATERIALS BY MAIL, BY COMPLETING, SIGNING, DATING, AND RETURNING THE ENCLOSED PROXY CARD PROMPTLY. PLEASE NOTE THAT IF YOUR SHARES ARE HELD BY A BANK, BROKER, OR OTHER RECORDHOLDER AND YOU WISH TO VOTE THEM AT THE MEETING, YOU MUST OBTAIN A LEGAL PROXY

FROM THAT RECORDHOLDER.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THE ANNUAL MEETING</u>	<u>1</u>
<u>Matters to be Voted Upon at the Annual Meeting</u>	<u>1</u>
<u>Recommendations of Our Board of Directors</u>	<u>1</u>
<u>Stockholders Entitled to Vote at the Meeting</u>	<u>1</u>
<u>Quorum</u>	<u>2</u>
<u>Votes Required With Respect to Each Proposal</u>	<u>3</u>
<u>Proxies and Voting Procedures</u>	<u>3</u>
<u>Proxy Solicitation</u>	<u>6</u>
<u>Notice of Access and Delivery, Delivery of Proxy Materials and Annual Reports to Households</u>	<u>6</u>
<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 19, 2015</u>	<u>7</u>
<u>BOARD OF DIRECTORS</u>	<u>8</u>
<u>Nominees for Re-Election to the Board of Directors</u>	<u>9</u>
<u>Directors Continuing in Office</u>	<u>11</u>
<u>EXECUTIVE OFFICERS</u>	<u>16</u>
<u>CORPORATE GOVERNANCE BOARD ACTIONS; BOARD MEMBER INDEPENDENCE; COMMITTEES OF THE BOARD OF DIRECTORS</u>	<u>18</u>
<u>Board Activities</u>	<u>18</u>
<u>Committees Established by Our Board of Directors</u>	<u>19</u>
<u>Risk Management and the Board's Role</u>	<u>19</u>
<u>Corporate Governance Guidelines and Code of Ethics and Business Conduct</u>	<u>20</u>
<u>Availability of Corporate Governance Guidelines, Committee Charters, and Code of Ethics</u>	<u>20</u>
<u>DIRECTOR NOMINATION PROCESS</u>	<u>21</u>
<u>EXECUTIVE COMPENSATION</u>	<u>23</u>
<u>Compensation Discussion and Analysis</u>	<u>23</u>
<u>Summary Compensation Table</u>	<u>28</u>
<u>Grants of Plan-Based Awards Table for Fiscal Year 2014</u>	<u>29</u>
<u>Narrative to Summary Compensation Table and Grant of Plan-Based Award Table</u>	<u>29</u>
<u>Outstanding Equity Awards at 2014 Fiscal Year-End</u>	<u>31</u>
<u>Option Exercises and Stock Vested During Fiscal Year 2014</u>	<u>32</u>
<u>Pension Benefits</u>	<u>32</u>
<u>Nonqualified Deferred Compensation</u>	<u>32</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>32</u>
<u>Estimated Payments Upon Termination of Employment or Change in Control</u>	<u>34</u>
<u>Director Compensation for Fiscal Year 2014</u>	<u>36</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>37</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>42</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>43</u>
<u>COMPARISON OF TOTAL STOCKHOLDER RETURN</u>	<u>44</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>45</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE</u>	<u>46</u>
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	<u>49</u>
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2015</u>	<u>50</u>
<u>OTHER MATTERS</u>	<u>51</u>
<u>COMMUNICATIONS WITH THE BOARD</u>	<u>52</u>
<u>STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING</u>	<u>52</u>
<u>ANNUAL REPORT AND FORM 10-K</u>	<u>53</u>

Table of Contents

**HEMISPHERE MEDIA GROUP, INC.
PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, MAY 19, 2015**

ABOUT THE ANNUAL MEETING

Our Annual Meeting of Stockholders will be held a held on Tuesday, May 19, 2015 at 9:30 a.m., local time, at the offices of Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, FL 33131, or at any subsequent time that may be necessary by any adjournment or postponement of the Annual Meeting (the "Annual Meeting").

We are making the proxy solicitation materials available to stockholders of record of Hemisphere Media Group, Inc. ("Hemisphere" or the "Company") in connection with the solicitation of proxies for use at the Annual Meeting electronically via the Internet under the Notice and Access rules and regulations of the Securities and Exchange Commission (the "SEC"). On or about March 31, 2015, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials ("Notice") in lieu of mailing a full set of proxy materials. Accordingly, our proxy materials are first being made available to our stockholders on or about March 31, 2015. The Notice includes information on how to access and review the proxy materials, and how to vote, via the Internet or by telephone. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We believe this method of delivery will decrease costs, expedite distribution of proxy materials to you, and reduce our environmental impact. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our Annual Meeting. Stockholders who received the Notice but would like to receive a printed copy of the proxy solicitation materials in the mail should follow the instructions in the Notice for requesting such materials.

Matters to be Voted Upon at the Annual Meeting

At the Annual Meeting you will be voting on the following proposals:

1. to elect three Class II directors to the Board of Directors for a three-year term expiring at the 2018 annual meeting;
2. to ratify the Board of Directors' appointment of McGladrey LLP as our independent registered public accounting firm for our fiscal year ending on December 31, 2015; and
3. to consider all other appropriate matters brought before the Annual Meeting.

Recommendations of Our Board of Directors

Our Board of Directors recommends that you vote your shares as follows:

1. **FOR** the election of three Class II directors to the Board of Directors for a three-year term expiring at the 2018 annual meeting (**PROPOSAL 1**); and
2. **FOR** the ratification of the appointment by the Board of Directors of McGladrey LLP as our independent registered public accounting firm for our fiscal year ending on December 31, 2015 (**PROPOSAL 2**).

Stockholders Entitled to Vote at the Meeting

Stockholders of Record

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Only stockholders of record of the Company's (i) Class A common stock, par value \$0.0001 per share (the "Class A common stock") and (ii) Class B common stock, par value \$0.0001 per share (the

Table of Contents

"Class B common stock" and together with the Class A common stock, the "Common Stock") as of March 20, 2015 (the "Record Date") are entitled to receive notice of and to vote at the Annual Meeting. You are considered the stockholder of record with respect to your shares if your shares are registered directly in your name with Continental Stock Transfer & Trust Company, the Company's stock transfer agent. A holder of our warrants, which are exercisable for shares of our Class A common stock, is not entitled to receive notice of or vote at our meeting unless you exercised your Warrants into shares of our Class A common stock prior to the Record Date. If you are a stockholder of record, you can vote your shares in one of two ways: either in person or by proxy at the Annual Meeting. If you are a stockholder of record and choose to vote in person, you must attend the Annual Meeting, which will be held on Tuesday, May 19, 2015 at 9:30 a.m., local time, at the offices of Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, FL 33131.

If you choose to vote by proxy you may do so by using the Internet, the telephone, or by completing, signing, dating, and returning the enclosed proxy card in the envelope provided. Whichever method you use to vote by proxy, each valid proxy received in time will be voted at the Annual Meeting in accordance with your instructions. To ensure that your proxy is voted, your proxy, whether given by the Internet, the telephone, or by mailing the proxy card, should be received by 7:00 p.m., Eastern time, on May 18, 2015. If you submit a proxy without giving instructions, your shares will be voted as recommended by the Board of Directors.

On the Record Date, there were 15,091,401 shares of Class A common stock and 30,027,418 shares of Class B common stock, issued and outstanding, constituting all of our issued and outstanding voting securities. Stockholders of record are entitled to one vote for each share of Class A common stock and ten (10) votes for each share of Class B common stock they held as of the Record Date.

Shares Held with a Bank, Broker, or Other Nominee

If your shares are held in an account with a bank, broker, or another third party that holds shares on your behalf, referred to herein as a "nominee," then you are considered the "beneficial owner" of these shares, and your shares are referred to as being held in "street name." If you hold your shares in "street name," you must vote your shares in the manner provided for by your bank, broker, or other nominee. Your bank, broker, or other nominee has enclosed or provided a voting instruction card with this proxy statement for you to use in directing the bank, broker, or other nominee how to vote your shares.

If your shares are held by a bank, broker, or other nominee, they may not be voted or may be voted contrary to your wishes if you do not provide your bank, broker, or other nominee with instructions on how to vote your shares. Brokers, banks, and other nominees have the authority under the rules of the NASDAQ STOCK MARKET LLC ("NASDAQ") to vote shares held in accounts by their customers in the manner they see fit, or not at all, on "routine" matters if their customers do not provide them with voting instructions. Proposal 1 is not considered to be a routine matter, but Proposal 2 is considered to be a routine matter. When a proposal is not routine and the bank, broker, or other nominee has not received your voting instructions, a bank, broker, or other nominee will not be permitted to vote your shares and a broker "non-vote" will occur. To ensure your shares are voted in the manner you desire, you should provide instructions to your bank, broker, or other nominee on how to vote your shares for each of the proposals to be voted on at the Annual Meeting in the manner provided for by your bank, broker, or other nominee.

Quorum

A "quorum" of stockholders is necessary to hold the Annual Meeting. A quorum will exist at the Annual Meeting if the holders of record of a majority of the voting power of all shares of Common Stock outstanding as of the Record Date are present in person or represented by proxy at the Annual Meeting. Broker "non-votes" and shares held as of the Record Date by holders who are present in person or represented by proxy at the Annual Meeting, but who have abstained from voting or have

Table of Contents

not voted with respect to some or all of such shares on any proposal to be voted on at the Annual Meeting, will be counted as present for purposes of establishing a quorum.

Votes Required with Respect to Each Proposal

To be elected as a Class II director at the Annual Meeting (Proposal 1), each candidate for election must receive a plurality of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting. In a plurality vote, the director nominee with the most affirmative votes in favor of his or her election to a particular directorship will be elected to that directorship.

The affirmative vote of the holders of a majority of the votes represented at the Annual Meeting in person or by proxy is required to ratify the Board of Directors' appointment of McGladrey LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 2).

With regards to Proposal 1 (election of directors), shares represented by proxies that are marked "**WITHHELD**" and shares that are not voted will be excluded entirely from the vote and will have no effect on the outcome of this vote because the directors are elected by a plurality vote. With regards to Proposal 2 (ratification of McGladrey LLP's appointment as auditor), shares marked as "**ABSTAIN**" and shares which are not voted will be considered present in person or represented by proxy at the Annual Meeting and will have the effect of a vote against this proposal because approval of this proposal requires the affirmative vote of the holders of a majority of the votes represented at the Annual Meeting in person or by proxy.

Proxies and Voting Procedures

What is a Proxy?

A proxy is another person that you legally designate to vote your stock. If you designate someone as your proxy in a written document, that document is called a proxy or a proxy card. For the purposes of the Annual Meeting, if you use the Internet or telephone to vote your shares, or complete the attached proxy card and return it to us by 7:00 p.m., Eastern time, on May 18, 2015, you will be designating the officers of the Company named on the proxy card to act as your proxy and to vote on your behalf in accordance with the instructions you have given via the Internet, by telephone, or on the proxy card at the Annual Meeting.

How Can I Get Electronic Access to the Proxy Materials?

The Notice will provide you with instructions regarding how to (i) view on the Internet our proxy materials for the Annual Meeting; and (ii) instruct us to send proxy materials to you by email. The proxy materials are available on our website at www.hemispheretv.com under the "Investor Relations Annual Report and Proxy Materials" tab. Choosing to receive proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment.

What is Included in the Proxy Materials?

The proxy materials include:

- (1) our Notice of Annual Meeting of Stockholders;
- (2) this proxy statement; and
- (3) our annual report to stockholders for the fiscal year ended December 31, 2014 (the "Annual Report"), containing financial statements and other information of interest to stockholders.

If you receive a paper copy of these materials by mail, the proxy materials also include a proxy card.

Table of Contents

Voting by Proxy

Stockholders of Record

If you are a stockholder of record, you can vote your shares in one of two ways: either in person or by proxy at the Annual Meeting. If you are a stockholder of record and choose to vote in person, you must attend the Annual Meeting, which will be held on Tuesday, May 19, 2015 at 9:30 a.m., local time, at the offices of Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, FL 33131. We recommend that you vote by proxy even if you currently plan to attend the Annual Meeting so that your vote will be counted if you later decide not to or are unable to attend the Annual Meeting. You may revoke your vote at any time before 7:00 p.m. Eastern time, on May 18, 2015, by:

attending the Annual Meeting in person and voting again;

casting a new vote by telephone or over the Internet by 7:00 p.m., Eastern time, on May 18, 2015; or

signing and returning a new proxy card with a later date or by submitting a later-dated proxy by telephone or via the Internet, since only your latest proxy received by 7:00 p.m., Eastern time, on May 18, 2015 will be counted.

If you are a stockholder of record, there are several ways for you to vote your shares by proxy:

By Mail. If you have received a printed copy of the proxy materials from us by mail, you may vote by mail by marking, dating, and signing your proxy card in accordance with the instructions on it and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received by 7:00 p.m., Eastern time, on May 18, 2015.

By Telephone or Over the Internet. You may submit your proxy by telephone or via the Internet by following the instructions provided on the Notice. If you submit your proxy by telephone or via the Internet, you do not need to return a proxy card by mail. Internet and telephone proxy submission is available 24 hours a day. Proxies submitted by telephone or the Internet must be received by 7:00 p.m., Eastern time, on May 18, 2015.

In Person at the Annual Meeting. You may vote your shares in person at the Annual Meeting. Even if you plan to attend the Annual Meeting in person, we recommend that you also submit your proxy by telephone or via the Internet, or by completing, signing, dating, and returning the attached proxy card by the applicable deadline so that your vote will be counted if you later decide not to or are unable to attend the meeting.

Voting instructions are included in the Notice, or if you have received a printed copy of the proxy materials from us by mail, on your proxy card. If you properly submit your proxy by telephone, the Internet, or by mail in time for it to be voted at the Annual Meeting, one of the individuals named as your proxy, each of whom is one of our officers, will vote your shares as you have directed. **If you submit your proxy by telephone, the Internet, or by mail, but do not indicate how your shares are to be voted with respect to one or more of the proposals to be voted on at the Annual Meeting, as necessary to vote your shares on each proposal, your shares will be voted in accordance with the recommendations of our Board of Directors: (1) FOR the election of the director nominees, (2) FOR the ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm for fiscal year ending December 31, 2015, and (3) in accordance with the best judgment of the named proxies on other matters properly brought before the Annual Meeting.**

Our Board of Directors has no knowledge of any matters that will be presented for consideration at the Annual Meeting other than those described herein. The named proxies will also have discretionary authority to vote upon any adjournment or postponement of the Annual Meeting, including for the purpose of soliciting additional proxies.

Table of Contents

Shares Held with a Bank, Broker, or Other Nominee

If you hold your shares in "street name," you must vote your shares in the manner provided for by your bank, broker, or other nominee. Your bank, broker, or other nominee has enclosed or provided a voting instruction card for you to use in directing the bank, broker, or other nominee on how to vote your shares. To ensure that your shares are voted according to your wishes, be certain that you provide instructions to your bank, broker, or other nominee on how to vote your shares in the manner that they specify. Your bank, broker, or other nominee will be permitted to vote your shares without instruction from you on Proposal 2, but will not be permitted to vote your shares on Proposal 1 without your instructions. As a result, if you do not provide your bank, broker, or other nominee with instructions on how to vote your shares with respect to Proposal 2, your bank, broker, or other nominee may vote your shares in a different manner than you would have voted if you had provided instructions to your bank, broker, or other nominee, and your vote will not be cast for Proposal 1. Abstentions will have the same effect as a vote against adoption of Proposal 2, and broker "non-votes" will have the same effect as a vote against adoption of Proposal 2.

Revoking Your Proxy

If you are a stockholder of record, you may revoke your proxy before it is voted by:

casting a new vote by telephone or over the Internet by 7:00 p.m., Eastern time, on May 18, 2015;

signing and returning a new proxy card with a later date or by submitting a later-dated proxy by telephone or the Internet, since only your last proxy received by 7:00 p.m., Eastern time, on May 18, 2015 will be counted;

notifying the Corporate Secretary of the Company in writing by 7:00 p.m., Eastern time, on May 18, 2015 that you have revoked your proxy; or

voting in person at the Annual Meeting.

If you hold your shares in "street name," you must contact your bank, broker, or other nominee to revoke your proxy.

Voting in Person

If you are a stockholder of record and you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. All stockholders planning to attend the Annual Meeting in person must contact our Investor Relations at (212) 687-8080 by May 18, 2015 to reserve a seat at the Annual Meeting. For admission, stockholders should come to the Annual Meeting check-in area no less than 15 minutes before the Annual Meeting is scheduled to begin. Stockholders of record should bring a form of photo identification so their share ownership can be verified. A beneficial owner holding shares in "street name" must also bring an account statement or letter from his or her bank or brokerage firm showing that he or she beneficially owns shares as of the close of business on the record date, along with a form of photo identification. Registration will begin at 9:00 a.m., local time and the Annual Meeting will begin at 9:30 a.m., local time.

If your shares are held in the name of your broker, bank, or other nominee, and you plan to attend the Annual Meeting and wish to vote in person, you must bring a legal proxy from your broker, bank, or other nominee authorizing you to vote your "street name" shares held as of the Record Date in order to be able to vote at the Annual Meeting. A legal proxy is an authorization from your bank, broker or other nominee permitting you to vote the shares that it holds in its name.

Results of the Annual Meeting

We will announce preliminary results at the Annual Meeting. We will publish final results in a current report on Form 8-K that we will file with the SEC within four business days after the Annual

Table of Contents

Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

Proxy Solicitation

We, on behalf of the Board of Directors, are soliciting proxies in connection with this Annual Meeting. The Company will bear the costs of the solicitation. No proxy solicitation firm has been hired in connection with our Annual Meeting. In addition to the solicitation of proxies by mail, proxies may also be solicited by our directors, officers, and employees in person or by telephone, e-mail, or fax, for which they will receive no additional compensation. We will also reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries for reasonable expenses incurred by them in sending proxy materials to stockholders.

Notice of Access and Delivery, Delivery of Proxy Materials and Annual Report to Households

We are making the proxy solicitation materials available to stockholders electronically via the Internet under the Notice and Access rules and regulations of the SEC. On or about March 31, 2015, we mailed to our stockholders the Notice in lieu of mailing a full set of proxy materials. Accordingly, our proxy materials are first being made available to our stockholders on or about March 31, 2015. The Notice includes information on how to access and review the proxy materials, and how to vote, via the Internet or by telephone. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We believe this method of delivery will decrease costs, expedite distribution of proxy materials to you, and reduce our environmental impact. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our Annual Meeting. Stockholders who received the Notice but would like to receive a printed copy of the proxy solicitation materials in the mail should follow the instructions in the Notice for requesting such materials.

We may satisfy SEC rules regarding delivery of our proxy materials, including our proxy statement, or delivery of the Notice by delivering a single copy of these documents to an address shared by two or more stockholders. SEC rules permit companies and banks, brokers, or other nominees to deliver a single copy of an annual report and proxy statement to households at which two or more stockholders reside (commonly referred to as "householding"). Beneficial owners sharing an address who have been previously notified by their broker, bank, or other nominee and who have consented to householding, either affirmatively or implicitly by not objecting to householding, will receive one set of proxy materials or one Notice, as applicable, to stockholders who share an address with another stockholder, unless contrary instructions were received prior to the mailing date. If you hold your shares in your own name as a holder of record, householding will not apply to your shares.

We undertake to deliver promptly upon written or oral request a separate copy of our proxy statement, Annual Report and/or our Notice to a stockholder at a shared address to which a single copy of these documents was delivered. To make such a request, please send a written request to Hemisphere Media Group, Inc., 2000 Ponce de Leon Boulevard, Suite 500, Coral Gables, FL 33134, Attention: Investor Relations, by calling us at (212) 687-8080, or by writing to us via e-mail at ir@hemispheretv.com. These documents will be delivered at no charge to you.

Not all banks, brokers, or other nominees may offer the opportunity to permit beneficial owners to participate in householding. If you want to participate in householding and eliminate duplicate mailings in the future, you must contact your bank, broker, or other nominee directly. Alternatively, if you want to revoke your consent to householding and receive separate annual reports and proxy statements for

Table of Contents

each beneficial owner sharing your address, you must contact your bank, broker, or other nominee to revoke your consent.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON MAY 19, 2015**

You may obtain copies of our public filings, including this proxy statement, our Annual Report, and the form of proxy relating to the Annual Meeting, without charge from our website at www.hemispheretv.com under "Investor Relations SEC Filings" and "Investor Relations Annual Report and Proxy Materials," or from the SEC's website at www.sec.gov. You also may request a copy of these materials, without charge, by sending an e-mail to ir@hemispheretv.com. Please make your request no later than May 9, 2015 to facilitate timely delivery. If you do not request materials pursuant to the foregoing procedures, you will not otherwise receive an e-mail or electronic copy of the materials. For meeting directions please call (212) 687-8080.

Table of Contents

BOARD OF DIRECTORS

The Board of Directors currently consists of nine members, as determined in accordance with our Amended and Restated By-Laws (our "By-Laws"). Peter M. Kern is our Chairman of the Board of Directors. In accordance with our Amended and Restated Certificate of Incorporation (our "Charter"), the Board of Directors is divided into three classes (designated Class I, Class II, and Class III, respectively), with each class consisting of three directors. The current term of office of the Class II directors expires at the Annual Meeting. The Class III and Class I directors are serving terms that expire at the annual meeting of stockholders to be held in 2016 and 2017, respectively. The three classes are currently comprised of the following directors:

Class I consists of Peter M. Kern, Leo Hindery, Jr. and Gabriel Brener, who will serve until the annual meeting of stockholders to be held in 2017;

Class II consists of James M. McNamara, Eric C. Neuman and John Engelman, who will serve until the Annual Meeting; and

Class III consists of Alan J. Sokol, Vincent L. Sadusky and Ernesto Vargas Guajardo, who will serve until the annual meeting of stockholders to be held in 2016.

The names of the nominees being presented for consideration by the stockholders (all of whom are incumbent directors) and our continuing directors, their ages, the years in which they became directors of the Company, and certain other information about them are set forth on the following pages. Proxies cannot be voted for a greater number of persons than the three nominees. Except for (i) Cine Latino, Inc., InterMedia Español, Inc., HMTV Cable, Inc. and WAPA America, Inc., which are each subsidiaries of the Company; and (ii) InterMedia Partners, L.P. ("InterMedia") which owns a majority of the Company's voting securities and may be deemed an affiliate of the Company; none of the corporations or other organizations referred to on the following pages with which a director or nominee for director has been employed or otherwise associated is currently a parent, subsidiary, or other affiliate of the Company.

Table of Contents

Nominees for Re-Election to the Board of Directors

The nominees for directors in Class II, whose three-year terms will expire at the Annual Meeting, are as follows:

James M. McNamara
Age 61

Mr. McNamara has served as the Vice Chairman of our Board of Directors since April 2013. In 2005, Mr. McNamara founded Panamax Films, LLC, a film production company that has an output deal with Lions Gate Films to produce films for the U.S. Latino and Greater Latin American film going audiences, and he is currently its chairman. In 2008, Mr. McNamara joined Cine Latino, Inc., where he currently serves as a consultant and in 2010, he joined as Non-Executive Chairman of Pantelion Films, a Latino Hollywood studio that is a partnership between Lions Gate Entertainment and Grupo Televisa, a Spanish language media company. From 1999 to 2005, Mr. McNamara served as the President and Chief Executive Officer of Telemundo Communications Group, Inc., the operator of Telemundo, a Spanish-language broadcast network. From April 1996 to June 1998, Mr. McNamara was the President of Universal Television Enterprises, or Universal, a television production company where his responsibilities included domestic syndication first-run programming and international sales. Mr. McNamara joined Universal from New World, where he served as Chief Executive Officer from 1991 to 1995 and Senior Vice President, Executive Vice President and then President of New World International from 1986 to 1991. Mr. McNamara served as a Director of Jump TV, a leading IPTV company providing a comprehensive suite of technology and services to content owners and aggregators, from 2006 to 2008 as well as SBS from 1996 to 2005 and Film Roman, Inc., a producer of animated television programming from 1997 to 1999. Mr. McNamara is currently a director of Silver Eagle Acquisition Corp and is the Chairman of the Board of the Hispanic Scholarship Fund. Mr. McNamara received his Masters degree from the American Graduate School of International Management and undergraduate degree in business administration and political science from Rollins College. The Board of Directors concluded that Mr. McNamara should continue to serve as a director, in part, because of his foregoing qualifications and experience.

Table of Contents

Eric C. Neuman
Age 70

Mr. Neuman has served as one of our directors and the Chairman of the Audit Committee since April 2013. Since 2005, Mr. Neuman has been a managing director and partner of Hicks Equity Partners, LLC, a private equity investment firm founded by Thomas O. Hicks. Previously, he had been a partner of Hicks, Muse & Co. Partners, L.P. ("HM") since December 2000 and an officer of HM Capital since 1993. At HM Capital, Mr. Neuman had been involved in the formation and development of many of the firm's media investments, including Chancellor Media and Capstar Broadcasting (which were merged into Clear Channel Communications), Lin TV, Sunrise Television and Marcus Cable, and in 2002, assumed responsibility for HM's Latin American business. Mr. Neuman currently serves on the board of directors of DirecPath, LLC, Just Brakes, LLC and Drilling Tools International. In addition, Mr. Neuman serves as a director of Intercable, an international provider of television, internet and telephone services and an HM Capital portfolio company. Mr. Neuman previously served as Chairman of the Board of Fox Pan American Sports, a leading provider of Spanish language sports television programming to U.S. and Latin American pay television operators, and Vice Chairman of Claxson, a publicly traded provider of programming and services to pay television providers. Mr. Neuman received a BA degree from the University of South Florida and an MBA from Northwestern University. The Board of Directors concluded that Mr. Neuman should continue to serve as a director, in part, because of his foregoing qualifications and experience.

John Engelman
Age 59

Mr. Engelman has served as one of our directors and a member of the Audit Committee since April 2013. From April 2011 through April 2013, he served as an independent director of Azteca Acquisition Corporation. Since December 2010, Mr. Engelman has also served as an independent director of Vringo, Inc., a patent licensing and software products company for mobile video. Mr. Engelman is co-founder of Classic Media, Inc., a global media company that specializes in family and children's entertainment. In mid-2012, Classic was acquired by DreamWorks Animation SKG where he co-heads its DreamWorks Classics division. From 2007 to 2009, Mr. Engelman was co-CEO of Boomerang Media, Inc., an acquisition company controlled by GTCR Golder Rauner. From 1997 to 2001, Mr. Engelman was an operating partner with Pegasus Capital Advisors, a U.S. based private equity fund manager focused on middle market companies, and a managing director of Brener International Group, LLC. From 1991 to 1996, Mr. Engelman was President of Broadway Video, Inc., a producer of live television and motion pictures. He began his career at the Los Angeles law firm of Irell & Manella, where he was a partner. Mr. Engelman has a JD from Harvard Law School and a B.A. in Government from Harvard College. The Board of Directors concluded that Mr. Engelman should continue to serve as a director, in part, because of his foregoing qualifications and experience.

Table of Contents

Directors Continuing in Office

The directors continuing in office in Class III, whose initial term will expire at the 2016 annual meeting of stockholders, are as follows:

Alan J. Sokol
Age 56

Mr. Sokol has served as one of our directors and President since January 2013. Mr. Sokol was appointed as our Chief Executive Officer in April 2013. Mr. Sokol has over 20 years of experience in the television and motion picture industries as an operator, advisor and investor. Prior to becoming the Chief Executive Officer, he served as a Senior Partner at InterMedia Partners, L.P., where he was the architect of the firm's Hispanic strategy, including the acquisitions of Cine Latino, Inc. ("Cinelatino") and WAPA. Prior to joining InterMedia Partners, L.P., Mr. Sokol was President and CEO of Planeta Media Group, LLC, where he advised numerous media companies on strategies and new business launches, particularly within the United States Hispanic market. His clients included Lions Gate Entertainment Corp., IDT Corp., Council Tree Communications, Inc. and Caracol Television Inc. From 1998 through May 2003, Mr. Sokol was Chief Operating Officer of Telemundo Communications Group, Inc., where he was responsible for all business divisions of this United States Spanish-language television network. While at Telemundo, Mr. Sokol established the first bilingual cable network in the United States and created strategic alliances with TV Globo, Caracol Television and Discovery Networks. From 1996 to 1998, Mr. Sokol was Senior Vice President, Corporate Development at Sony Pictures where he advised on investment opportunities in television distribution and content creation throughout the world. Prior to his tenure at Sony Pictures, Mr. Sokol was Senior Vice President of Savoy Pictures, Inc. From 1983 to 1994, he was an attorney and a partner with Wyman, Bautzer, Kuchel and Silbert, P.C., and then with Jeffer, Mangels, Butler and Marmaro LLP. Mr. Sokol sits on the board of directors of Faith Media Holdings, LLC. He also sits on the board of directors of InterMedia Español, Inc., WAPA America, Inc., Cine Latino, Inc. and HMTV Cable, Inc., each indirect wholly-owned subsidiaries of the Company. He holds a B.A. from Cornell University and J.D. from Stanford Law School.

Table of Contents

Vincent L. Sadusky
Age 49

Mr. Sadusky has served as one of our directors and a member of the Audit Committee since April 2013. Mr. Sadusky has been the President and Chief Executive Officer of Media General, Inc. since December 2014. Prior to his current role, he served as the President and Chief Executive Officer of LIN Media LLC until it merged with Media General, Inc. in 2014. Mr. Sadusky served as Vice President Chief Financial Officer and Treasurer of LIN Media in 2004 until his appointment as President and Chief Executive Officer in 2006. From 1999 until August 2004, Mr. Sadusky was Chief Financial Officer and Treasurer of Telemundo Communications Group, Inc., where he worked for over ten years. Prior to joining Telemundo Communications, he performed attestation and consulting services for seven years with Ernst & Young, LLC. In addition to serving on the board of Hemisphere Media Group, Inc., Mr. Sadusky currently serves on the boards of Media General, Inc., International Game Technology, NBC affiliates board and National Association of Broadcasters. He formerly served as the President and a board member of the Open Mobile Video Coalition, as well as on the boards of JVB Financial Group, LLC, LIN Media LLC and Maximum Service Television Inc. Mr. Sadusky received his MBA degree from New York Institute of Technology and his BS in accounting from Penn State University, where he was a University Scholar.

Ernesto Vargas Guajardo
Age 59

Mr. Vargas Guajardo has served as one of our directors since April 2013. He currently serves as the Chief Executive Officer and Director of MVS Comunicaciones S.A. de C.V. Mr. Vargas Guajardo also serves as President of MVS Multivision Digital S. de R.L. de C.V. Mr. Vargas Guajardo currently sits on the board of directors of Grupo Costamex, Finaccess México, S.A and Instituto Tecnológico de Monterrey. He also serves on the board of directors of Cine Latino, Inc., an indirect wholly-owned subsidiary of the Company. Previously, Mr. Vargas Guajardo has held senior roles at DISH México. Mr. Vargas Guajardo received his BS degree from The Wharton School of the University of Pennsylvania.

Table of Contents

The directors continuing in office in Class I, whose initial term will expire at the 2017 annual meeting of stockholders, are as follows:

Peter M. Kern, Chairman
Age 47

Mr. Kern has served as Chairman of our Board of Directors since April 2013 and currently serves as a Managing Partner of InterMedia. Mr. Kern has spent the last 15 years investing in, advising, and operating a variety of large and small media companies. Prior to joining InterMedia Mr. Kern was a Senior Managing Director and Principal of Alpine Capital LLC ("Alpine"), a media investment and advisory firm. Mr. Kern joined Alpine when he merged his own firm, Gemini Associates, Inc., with Alpine in the summer of 2001. Gemini Associates was founded as a large-cap M&A and strategic advisory firm in 1996, and Mr. Kern served as its President. From 1996 until its sale, Mr. Kern also served as a partner of InterMedia Partners, LLC. At both Gemini and Alpine, Mr. Kern has counted among his advisory clients Liberty Media, Sony, Viacom, InterMedia Partners, Tele-Communications, Inc., TCI International, USA Networks, Cablevision Systems, and Telewest. At Alpine, Mr. Kern also was responsible for direct investing in media companies. During his tenure, Alpine Equity made several successful investments in cable television including Sit-Up, Gospel Music Channel, LLC, ProSeibenSat.1 Media AG, and Money Mailer, Inc. Prior to the founding of Gemini Associates, Mr. Kern was the senior financial and chief administrative officer of Home Shopping Network. Before joining Home Shopping Network, Mr. Kern was Senior Vice President of Corporate Finance and Strategic Development for Whittle Communications, a publishing and television company. Mr. Kern began his career at Bear, Stearns & Co., Inc. Mr. Kern has served on the board of director of Expedia, Inc. since 2005 and the board of directors of Luxury Retreats International Holdings. He also sits on the board of directors of InterMedia Español, Inc. and WAPA America, Inc., each indirect wholly-owned subsidiaries of the Company. Mr. Kern holds a B.S. from the Wharton School at the University of Pennsylvania.

Table of Contents

Leo Hindery, Jr.
Age 67

Mr. Hindery has served as one of our directors since April 2013. Currently, he is Managing Partner of InterMedia Partners, a series of media industry private equity funds he founded in 1988 and ran continuously until February 1997, when he was elected President and CEO of Tele-Communications, Inc. (TCI) and Liberty Media, at the time the world's largest combined cable television system operator and programming entity. In March 1999 TCI merged into AT&T, and he became President and CEO of AT&T Broadband until he resigned in November 1999. In December 1999, Mr. Hindery was elected Chairman and Chief Executive Officer of GlobalCenter Inc., a major Internet services company, which in January 2001 merged into Exodus Communications, Inc. From 2001 until October 2004, he was Chairman and CEO of The YES Network which he founded to be the regional television home of the New York Yankees. In early 2005 he reconstituted InterMedia Partners. Mr. Hindery, formerly Chairman of the National Cable Television Association (NCTA) and of C-SPAN, has been recognized as International Cable Executive of the Year, NCTA's Distinguished Vanguard Award Recipient for Leadership, Cable Television Operator of the Year, one of the cable industry's "25 Most Influential Executives Over the Past 25 Years", one of the "30 Individuals with the Most Significant Impact on Cable's Early History", and a member of the Cable Hall of Fame. Mr. Hindery is a Director of the Paley Center for Media and a member of the Board of Visitors of the Columbia School of Journalism. He has an MBA from Stanford University's Graduate School of Business and was an undergraduate of Seattle University, and has received an honorary Doctor of Humane Letters degree from Emerson College.

Table of Contents

Gabriel Brener
Age 55

Mr. Brener has served as one of our directors since April 2013. Mr. Brener previously served as Azteca Acquisition Corporation's Chairman of the Board, Chief Executive Officer and President since the company's inception. Mr. Brener has over twenty years of deal sourcing, investment management and operations experience. He has managed Brener family investments since 1987 through Brener International Group, LLC and its predecessor or affiliated entities. He has been Chairman and CEO of Brener International Group since 1998. He holds Board memberships in various Brener family investments, including Major League Soccer in the United States; and Apoyo Integral Inmobiliario, S.A. de C.V., SOFOM, E.N.R, Hipotecaria Casa Mexicana and Tequilera Hacienda La Capilla in Mexico. Mr. Brener also formed and manages Brener Sports & Entertainment, LLC, a private investment entity formed in 2005 with a focus on sports and entertainment investments targeting the Hispanic market in the United States. From 1989 to date, Mr. Brener has been CEO of Galco, Inc., a family investment and management company. From 1987 to 1989, Mr. Brener was Vice Chairman of the Board of The Boys Markets, Inc., a chain of 54 supermarkets in Southern California that the Brener family wholly-owned. Mr. Brener also has been active in community affairs in Los Angeles and Aspen, Colorado, including through prior board memberships for the Los Angeles County Museum of Art (LACMA); D.A.R.E. (Drug Abuse Resistance Education); L.A.S.S.O. (Los Angeles Sheriffs Star Organization); Cedar Sinai Medical Center; the Los Angeles World Affairs Council and the National Council of the Aspen Music Festival. Mr. Brener graduated from Woodbury University with a B.A. in Business Administration and received Woodbury's Alumni of the Year Award in 2008. Mr. Brener has also completed Units I and II of the Harvard Business School Owner/President Management (OPM) Program. Mr. Brener was born in Mexico City and moved to Southern California in 1977.

Table of Contents**EXECUTIVE OFFICERS**

The following sets forth certain information with respect to the executive officers of the Company, as of the date of this Proxy Statement. All officers of the Company serve at the pleasure of the Company's Board of Directors until their successors are elected and qualified. Except for WAPA-TV, Intermedia, InterMedia Español, Inc., WAPA America, Inc., Cine Latino, Inc. and HMTV Cable, Inc., none of the corporations or other organizations referred to below with which an executive officer has been employed or otherwise associated is a parent, subsidiary, or other affiliate of the Company.

Name	Age	Position
Alan J. Sokol	56	Class III Director, President and Chief Executive Officer
Craig D. Fischer	45	Chief Financial Officer
Leonardo Guevara	46	Senior Vice President, Finance of Cable Networks
Karen A. Maloney	58	Controller
Jose E. Ramos	58	President and General Manager of WAPA-TV
Alex J. Tolston	34	General Counsel and Corporate Secretary
Nicolas J. Valls	50	Executive Vice President, Advertising Sales

Mr. Alan J. Sokol, see Class III Directors above.

Mr. Craig D. Fischer, age 45, has served as our Chief Financial Officer since April 2013. From January 2013 through April 2013, Mr. Fischer served as our Vice President, Treasurer and Secretary. Previously, from 2005 through 2012, Mr. Fischer was a Partner at InterMedia, and was responsible for the acquisitions and oversight of Cinelatino and WAPA, prior to the formation of Hemisphere Media Group, Inc. Prior to joining InterMedia Partners, L.P., Mr. Fischer was Executive Vice President of Business Development and Affiliate Relations at the YES Network where he was one of the founding senior managers and was responsible for overseeing day-to-day operations, managing relationships with major cable and satellite operators and negotiating programming agreements. Prior to YES, Mr. Fischer was Vice President of Business Development at Exodus Communications, Inc., and Vice President of Finance at Global Center Inc. From 1997 to 2000, Mr. Fischer was at Goldman Sachs & Co. as a banker in the Media and Communications group. From 1991 to 1995, Mr. Fischer was a senior accountant and CPA with Ernst & Young, LLP. Mr. Fischer holds an M.B.A. from Columbia Business School and a B.B.A. from the University of Michigan.

Mr. Leonardo Guevara, age 46, has served as our Senior Vice President, Finance of Cable Networks since May 2014. Mr. Guevara has over 17-years of experience in the entertainment industry. Prior to joining the Company, he served as the Corporate Controller and Vice President of FP&A at Telemundo Media Group (NBC) from 2011 through 2014. From 2009 through 2011 he served as the Corporate Controller of Cisneros Media Group. Prior to that, he spent 11 years with Sony Pictures International Television and its JV, HBO Central Europe, as Regional CFO overseeing the Central European region from the end of 2005 through the end of 2008, and with Sony Pictures Television International, from 1997 through 2005, overseeing the Latin American operations for both the Cable and Content Licensing divisions. Mr. Guevara holds a Bachelor's Degree in Business Administration and Finance, and an MBA degree each from Florida International University.

Ms. Karen A. Maloney, age 58, has served as our Controller since July 2014. Prior to joining the Company, from December 2007 to January 2013, Ms. Maloney served in senior financial management roles for MTV Networks (Viacom). From December 2007 through June 2011, she served as the Senior Vice President Worldwide Controller for MTV Networks before taking on the role of Senior Vice President General Manager Global Shared Services from June 2011 to January 2013, leading the company's transition to a centralized shared service model for finance and legal operations. Prior to joining MTV Networks, she served in senior financial positions at Scholastic Corporation for 10 years from May 1997 to December 2007. From April 2004 to December 2007, she served as the Senior Vice President Corporate Finance, Chief Accounting Officer overseeing global finance and accounting. Prior to April 2004, she served as the Vice President Corporate Controller, Chief Accounting Officer. Prior

Table of Contents

experience includes Controllership roles in the apparel and paper industries, as well as earlier positions at the public accounting firm, KPMG, where she progressed to Supervising Senior Accountant. Ms. Maloney is a CPA as well as a Chartered Global Management Accountant and earned her Bachelor's degree in Accounting from The College of New Jersey. She is a member of the Board of Directors and has been the Finance Committee Chair and Co-Chair of the Audit Committee for the Girl Scouts of the USA, a national not-for-profit organization promoting leadership skills for girls. She has served in these roles and on the Board of Directors of Girl Scouts of the USA for 8 years.

Mr. Jose E. Ramos, age 58, has over 31 years of television experience. Mr. Ramos is the most experienced television executive in Puerto Rico. Mr. Ramos has been the President and General Manager of WAPA-TV, a division of WAPA for the last 18 years. Prior to that, Mr. Ramos spent 13 years at Telemundo Communications Group, Inc., serving in various senior positions including Senior Vice President, General Manager and President.

Mr. Alex J. Tolston, age 34, has served as our General Counsel and Corporate Secretary since June 2013. Before joining the Company, Mr. Tolston was an attorney in the Corporate Department at Paul, Weiss, Rifkind, Wharton & Garrison LLP from 2009 to 2013, representing issuers and underwriters in connection with initial public offerings, secondary offerings and Rule 144A debt offerings, issuers and their boards of directors with respect to reporting and other obligations under the U.S. securities laws and corporate governance and regulatory matters, and public and private equity clients in mergers and acquisitions, corporate finance and debt restructuring transactions. Mr. Tolston began his career at Bear, Stearns & Co., Inc. Mr. Tolston is a member of the Bar of the State of New York and Authorized House Counsel under Chapter 17, Rules Regulating the Florida Bar. Mr. Tolston holds a B.A. from Tulane University and a J.D. from New York Law School.

Mr. Nicolas J. Valls, age 50, has served as our Executive Vice President, Advertising Sales since October 2013. Prior to joining the Company, from October 2012 to May 2013, Mr. Valls was Executive Vice President, Advertising and Marketing for Nuevo World LLC and was responsible for overseeing ad operations, sales and custom content marketing for the sites premium advertisers and marketing partners. Previously, Mr. Valls held key sales and marketing positions with Univision Communications Inc. over a 27 year career starting in 1986. At Univision, from June 2011 to August 2012, Mr. Valls served as Senior Vice President, Network sales responsible for client partnerships and revenue over \$250 million dollars. Prior to his role with network sales, from 2000 to 2011, Mr. Valls created and led Univision's Partnership Marketing group tasked with conceiving and executing cross platform custom innovation sponsorships for the networks top advertisers incorporating broadcast, cable, interactive, and experiential assets. Mr. Valls served on Univision's network operating committee, and led the company's commercial integration efforts with Mexican broadcaster Televisa. Mr. Valls holds a Bachelor of Science degree from Boston University's College of Communications.

Table of Contents

**CORPORATE GOVERNANCE; BOARD ACTIONS; BOARD MEMBER INDEPENDENCE;
COMMITTEES OF THE BOARD OF DIRECTORS**

Board Activities

During our fiscal year ended December 31, 2014 ("Fiscal 2014"), our Board of Directors (or "Board") held four regular meetings, one special meeting and acted by unanimous written consent on four occasions. The independent directors met separately in an executive session immediately following certain meetings of our Audit Committee. Eric C. Neuman, the Chairman of our Audit Committee, presided at the independent director executive sessions of the Board of Directors. No director missed more than one (1) meeting of the Board of Directors, or the meetings of any committee on which he served during Fiscal 2014.

Our Board of Directors has affirmatively determined that none of the following directors has a material relationship with the Company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company): Eric C. Neuman, Vincent L. Sadusky and John Engelman. Our Board of Directors reviews all facts and circumstances that it deems relevant to its review, including the standards set forth in the Company's Corporate Governance Guidelines, applicable NASDAQ rules and regulations and applicable federal securities laws and regulations to assist it in making determinations of independence. The Board of Directors has determined that the directors referred to above currently meet these standards and qualify as independent. The Board of Directors has made no determination with respect to the remaining directors.

Eight of our directors attended the 2014 annual meeting of stockholders. While our Board of Directors has not adopted a mandatory attendance policy for our annual meetings, directors are encouraged to attend and we expect all members of our Board of Directors to attend the Annual Meeting.

Our Board of Directors evaluates the appropriate leadership structure for the Company on an ongoing basis, including whether or not one individual should serve as both Chief Executive Officer and Chairman of our Board of Directors. While the Board of Directors has not adopted a formal policy, we currently separate the positions of Chief Executive Officer and Chairman of our Board of Directors. Alan J. Sokol currently serves as our Chief Executive Officer and Peter M. Kern currently serves as our Chairman of the Board of Directors. The Board of Directors believes that the respective roles of Mr. Sokol and Mr. Kern best utilize their skills and qualifications in the service of the Company at this time. The Board retains the ability to adjust its leadership structure as the needs of the business change, including the appointment of Co-Chairmen, each of whom may exercise the full powers and authorities of the office of Chairman.

Controlled Company

Our Board of Directors has determined that the Company is a "controlled company" within the meaning of the rules and corporate governance standards of NASDAQ, as our controlling stockholders control more than 50% of the Company's voting power. A controlled company may elect not to comply with certain NASDAQ rules, including (1) the requirement that a majority of our Board consist of independent directors, (2) the requirement that a nominating/corporate governance committee be in place that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (3) the requirement that a compensation committee be in place that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. We currently avail ourselves of the "controlled company" exemptions. Our Board has determined that it is appropriate not to have a nominating/corporate governance committee or compensation committee because of our relatively limited number of directors, our limited number of senior executives and our status as a "controlled company" under applicable NASDAQ rules. Our Board undertakes the function of both committees.

Table of Contents

Committees Established by Our Board of Directors

The Board of Directors has designated two principal standing committees: the Audit Committee and the Executive Committee. The functions of the Audit Committee and Executive Committee and the number of meetings held by each such committee in Fiscal 2014 are noted below.

Audit Committee. The Audit Committee has been established in accordance with Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and applicable NASDAQ rules, for the overall purpose of overseeing the Company's accounting and financial reporting processes and audits of our financial statements. The Audit Committee is responsible for monitoring (i) the integrity of our financial statements, (ii) the independent registered public accounting firm's qualifications and independence, (iii) the performance of our internal audit function and independent auditors (iv) preparing the report that SEC rules require to be included in our Annual Report and (iv) our compliance with legal and regulatory requirements, including, without limitation, reviewing and addressing conflicts of interests of directors and executive officers, as well as reviewing and discussing with management and the independent registered public accounting firm, and approving as the case may be, any transactions or courses of dealing with related parties that are required to be disclosed pursuant to Item 404 of Regulation S-K, which is the SEC's disclosure rules for certain related party transactions. The responsibilities and authority of the Audit Committee are described in further detail in the Charter of the Audit Committee of the Board of Directors of Hemisphere Media Group, Inc., a copy of which is available at our Internet website at www.hemispheretv.com under "Investor Relations Corporate Governance." The report of the Audit Committee for Fiscal 2014 is included elsewhere in this proxy statement.

The current members of our Audit Committee are Eric C. Neuman, Vincent L. Sadusky and John Engelman. Our Audit Committee held eight meetings during Fiscal 2014 (attended in person or by teleconference). All of the members of the Audit Committee attended all meetings, except for one committee member who missed one (1) meeting. Our Board of Directors has determined that each of the Audit Committee members is independent, as that term is defined under the independence standards for audit committee members in the Exchange Act and rules thereunder, as amended, and under the listing standards of NASDAQ.

Mr. Neuman is the Chairman of our Audit Committee and is our Audit Committee Financial Expert. Mr. Neuman possesses the attributes of an "audit committee financial expert" set forth in the rules promulgated by the SEC in furtherance of Section 407 of the Sarbanes-Oxley Act of 2002. Mr. Neuman does not serve on the audit committees of any other public companies.

Executive Committee. The Executive Committee, serves as an administrative committee of the Board of Directors to act upon and facilitate the consideration by senior management and the Board of certain high-level business and strategic matters, including approval of (i) certain employment and consulting agreements entered into by the Company and compensation paid thereunder (subject to approval of the full Board of Directors, as necessary under applicable rules) and (ii) affiliate agreements entered into by the Company (in each case, subject to approval by the Audit Committee, in the event an agreement is determined to be a related party transaction as set forth in the Company's Related Person Transactions Policy).

The current members of our Executive Committee are Peter M. Kern and Ernesto Vargas Guajardo. Our Executive Committee held no meetings in Fiscal 2014. The Board of Directors has made no determination with respect to the independence of the members of our Executive Committee.

Risk Management and the Board's Role

The Company's risk assessment and management function is led by the Company's senior management, which is responsible for day-to-day management of the Company's risk profile, with oversight from the Board of Directors and its Committees. Central to the Board of Directors' oversight

Table of Contents

function is our Audit Committee. In accordance with the Audit Committee Charter, the Audit Committee is responsible for the oversight of the financial reporting process and internal controls. In this capacity, the Audit Committee is responsible for discussing guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal auditing department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. In addition to receiving regular reports from management on the Company's reporting processes and risk profile, the Audit Committee also meets with our independent auditors outside the presence of and without the participation of senior management. With respect to potential risks related to our compensation policies and programs, the Board of Directors acts in the primary oversight role.

Corporate Governance Guidelines and Code of Ethics and Business Conduct

The Board of Directors has adopted Corporate Governance Guidelines to assist it in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing stockholder value over the long term. The Corporate Governance Guidelines address, among other things, Board composition, director qualifications standards, selection of the Chairman of the Board and the Chief Executive Officer, director responsibilities and the Board committees. The Board of Directors has adopted a Code of Ethics and Business Conduct to provide guidance to all the Company's directors, officers and employees, including the Company's principal executive officer, principal accounting officer or controller or persons performing similar functions.

Availability of Corporate Governance Guidelines, Committee Charters, and Code of Ethics

Copies of our (i) Corporate Governance Guidelines, (ii) Audit Committee Charter and (iii) Code of Business Conduct and Ethics are available at our Internet website at www.hemisphertv.com under "Investor Relations Corporate Governance." Any stockholder may obtain copies of these documents by sending a written request to Hemisphere Media Group, Inc., 2000 Ponce de Leon Boulevard, Suite 500, Coral Gables, FL 33134, Attention: Investor Relations, by calling us at (212) 687-8080, or by writing to us via e-mail at ir@hemisphertv.com. None of the information posted on our website is incorporated by reference into this proxy statement.

Table of Contents

DIRECTOR NOMINATION PROCESS

As stated above, we do not have a nominating/corporate governance committee. The entire Board of Directors performs the function of the nominating/corporate governance committee. Stockholders and members of the Board may, however, submit nominees for election to the Company's Board of Directors to the entire Board for its consideration.

We do not have a formal policy concerning stockholder recommendations to the Board of Directors. The Board of Directors has determined that it is appropriate to not have such a policy given the infrequency of such recommendations and our status as a "controlled company" under applicable NASDAQ rules. We did not receive any recommendations from stockholders requesting that the Board consider a candidate for inclusion among the slate of nominees in this Proxy Statement. The absence of such a policy does not mean, however, that a recommendation would not have been considered had one been received. The Board of Directors would consider any candidate proposed in good faith by a stockholder. To do so, a stockholder should send the candidate's name, credentials, contact information and his or her consent to be considered as a candidate to our Board of Directors at 2000 Ponce de Leon Boulevard, Suite 500, Coral Gables, FL, 33134. See "Communications with the Board" below.

You should note that the foregoing process relates only to bringing potential candidates to the attention of the Board of Directors. This process will not give you the right to directly propose a nominee at any meeting of stockholders.

Under our Amended and Restated By-Laws, stockholders may nominate candidates for election at an annual meeting of stockholders. See "Stockholder Proposals for 2016 Annual Meeting" for details regarding the procedures and timing for the submission of such nominations. Director nominees submitted through this process will be eligible for election at the annual meeting, but information about these candidates will not be included in proxy materials sent to stockholders prior to the meeting, except as described in that section.

In evaluating director nominees, the Board considers the appropriate skills and personal characteristics needed in light of the makeup of the current Board, including considerations of character, integrity, judgment, knowledge, experience and other relevant factors to develop an informed opinion of the candidate's qualifications and his or her ability and dedication. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Board may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Board does, however, believe it is appropriate for at least one member of the Board to meet the criteria for an "audit committee financial expert" as defined by SEC rules and for a "financially sophisticated" audit committee member as defined by NASDAQ rules. The Company also believes it is appropriate for a member or members of the Company's management to participate as members of the Board.

The Board of Directors identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination. If any member of the Board of Directors does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the Board of Directors then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board of Directors would be polled for suggestions as to individuals meeting the criteria described above. The Board of directors may also engage in research to identify qualified individuals. To date, the Company has not engaged third parties to identify or evaluate or assist in identifying potential nominees, although the Company reserves the right in the future to retain a third party search firm, if appropriate.

Table of Contents

Compensation Committee Report

The information contained in this report shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933 or the Exchange Act.

The Company does not have a compensation committee. The Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on this review and discussion the Board of Directors has determined that the Compensation Discussion and Analysis be included in this Proxy Statement for the Annual Meeting of Stockholders.

The foregoing report is furnished by the Board of Directors.

Peter M. Kern (Chairman)
Gabriel Brener
John Engelman
Ernesto Vargas Guajardo
Leo Hindery, Jr.
James M. McNamara
Eric C. Neuman
Vincent L. Sadusky
Alan J. Sokol

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides an overview and analysis of our compensation programs, the compensation decisions we have made under these programs, and the factors we considered in making these decisions with respect to the compensation earned by our principal executive officer, principal financial officer, and each of the next three highest paid executive officers of the Company (collectively, the "NEOs") for Fiscal 2014:

Alan J. Sokol, Chief Executive Officer and President

Craig D. Fischer, Chief Financial Officer

Jose E. Ramos, President and General Manager, WAPA-TV, a division of WAPA

Alex J. Tolston, General Counsel and Corporate Secretary

Nicolas J. Valls, Executive Vice President, Advertising Sales

Overview of the Compensation Program

Compensation Philosophy

The objective of our corporate compensation and benefits program is to establish and maintain competitive total compensation programs that will attract, motivate, and retain the qualified and skilled workforce necessary for our continued success. To help align compensation paid to executive officers with the achievement of corporate goals, we have designed our cash compensation program as a pay-for-performance based system that rewards NEOs for their individual performance and contribution in achieving corporate goals. In determining the components and levels of NEO compensation each year, the Board considers Company performance, the business objectives for specific divisions of the Company, personal management performance objectives, as well as each individual's performance and potential to enhance long-term stockholder value. To remain competitive, the Board may also periodically review compensation survey information published by various organizations or information provided by independent compensation consultants as another factor in setting NEO compensation. The Board relies on judgment and does not have any formal guidelines or formulas for allocating between long-term and currently paid compensation, between cash and non-cash compensation, or among different forms of non-cash compensation for our NEOs.

Table of Contents

Components of Total Compensation

Compensation packages in Fiscal 2014 for our NEOs were comprised of the following elements:

Short-Term Compensation Elements

Element	Role and Purpose
Base Salary	Attract and retain executives and reward their skills and contributions to the day-to-day management of our Company.
Annual and Quarterly Performance-Based Bonus	Encourage the attainment of annual and/or quarterly Company, division, and individual financial, operational, and strategic goals by paying bonuses determined by the achievement of specified performance targets with a performance period of one year or one calendar quarter.
Discretionary Bonuses	Compensate executives from time to time for special contributions or extraordinary circumstances or events.

Long-Term Compensation Elements

Element	Role and Purpose
Stock Options and Restricted Stock	Encourage the attainment of long-term value creation, align executive interests with the interests of our stockholders, create accountability for executives to enhance stockholder value, and promote long-term retention through the use of multi-year vesting awards.
Severance and Change of Control Benefits	Promote long-term retention and align the interests of executives with stockholders in the event of a change in control transaction which, although in the best interests of stockholders generally, may result in loss of employment for an individual NEO.

Benefits

Element	Role and Purpose
Employee Benefit Plans and Perquisites	Provide financial security and additional compensation commensurate with senior executive level duties and responsibilities.

Process

Role of the Board and Management

The Board meets annually to review and consider base salary and any proposed adjustments, prior year annual performance bonus results and targets for the current year, and any long-term incentive awards. The Board also reviews the compensation package for all new executive officer hires; however, an Executive Committee of the Board comprised of Peter Kern and Ernesto Vargas Guajardo is

Table of Contents

empowered to approve such compensation packages, subject to the Board's approval of any equity grants.

The key member of management involved in the compensation process is our Chief Executive Officer ("CEO"), Alan J. Sokol. Our CEO presents recommendations to the Board for each element of compensation for each NEO, other than himself, which in turn evaluates these goals and either approves or appropriately revises them.

Determination of CEO Compensation

The Board determines the level of each element of compensation for our CEO. Consistent with its determination process for other NEOs, the Board considers a variety of factors when determining compensation for our CEO, including past corporate and individual performance, general market survey data for similar size companies and the degree to which the individual's contributions have the potential to influence the outcome of the Company's short- and long-term operating goals and alignment with shareholder value.

Assessment of Market Data and Use of Compensation Consultants

In establishing the compensation for each NEO, the Board considers information about the compensation practices of companies both within and outside our industry and geographic region, and considers evolving compensation trends and practices generally. The Board may periodically review third-party market data published by various organizations for market trends and developments, and as one factor when making its annual compensation determinations. The Board does not typically use market data to establish specific targets for compensation or any particular component of compensation, and does not otherwise numerically benchmark its compensation decisions. In connection with the initial compensation packages for the CEO, CFO and General Counsel and Corporate Secretary, in anticipation of our becoming a public company, InterMedia, our controlling shareholder, sought the independent advice of Frederic W. Cook & Co. Inc. ("Cook") to analyze the reasonableness of the compensation packages in comparison to similarly sized publicly traded media companies. No fees were paid to Cook for any other services during Fiscal 2013 or Fiscal 2014.

Short-Term Compensation Elements

Base Salary

Hemisphere believes that executive base salaries are necessary to provide financial security and a minimum level of fixed compensation for services rendered to the Company, and aid in attracting and retaining talented and qualified executives. Base salary adjustments typically reflect an individual's performance, experience, and/or change in job responsibilities.

Annual base salaries for each NEO for Fiscal 2014 were as follows: \$600,000 for Mr. Sokol, \$450,000 for Mr. Fischer, \$600,000 for Mr. Ramos, \$288,750 for Mr. Tolston (as of April 9, 2014) and \$300,000 for Mr. Valls.

The actual salary earned by each NEO for Fiscal 2014 is set forth in the Summary Compensation Table that follows.

Annual Performance-Based Bonuses

Pursuant to their employment agreements or employment letter agreement, each of Messrs. Sokol, Fischer, Tolston and Valls is eligible to receive an annual cash bonus (and quarterly cash bonuses in the case of Mr. Valls) under the terms of a performance-based bonus plan. The employment agreement for Messrs. Sokol and Fischer specify an annual target and/or maximum bonus as a percentage of the NEO's annual base salary, with actual bonuses determined based on linear interpolation. Mr. Tolston's

Table of Contents

annual cash bonus is fixed at \$100,000 (subject to certain minimum guaranteed bonuses if performance goals are not met), and is increased by the same percentage that the CFO's bonus is increased above his target bonus if more than 100% of the performance goals are met in any calendar year. Mr. Valls' annual and quarterly cash bonuses are fixed at \$37,500 and \$28,125, respectively, as of April 1, 2014 (prior to that date the annual and quarterly cash bonuses were fixed at \$25,000 and \$18,750, respectively). The specific performance criteria and performance goals for the bonus plan are established annually by our Board in consultation with our CEO (other than with respect to himself) and approved by our Board. The performance goals are communicated to the NEOs following formal approval by the Board. The table below shows the target bonus and maximum bonuses established for each NEO for Fiscal 2014.

2014 Target and Maximum Bonus

Name	2014 Target Bonus	2014 Maximum Bonus
Alan J. Sokol	100% of Base Salary	150% of Base Salary
Craig D. Fischer	85% of Base Salary	100% of Base Salary
Jose E. Ramos		
Alex J. Tolston	\$100,000	\$115,000
Nicolas J. Valls	\$150,000	\$150,000

For Fiscal 2014, the performance criteria applicable to Messrs. Sokol, Fischer and Tolston was the achievement of adjusted EBITDA of \$49.1 million. The Company's actual adjusted EBITDA for Fiscal 2014 was \$50.0 million, representing a 101.8% achievement of the Fiscal 2014 performance goals. As a result, performance bonuses were paid to Messrs. Sokol, Fischer and Tolston in the amounts set forth in the Summary Compensation Table below. For Fiscal 2014, the performance criteria applicable to Mr. Valls was total advertising revenue targets of \$1.7 million for Q1, \$3.8 million for Q2, \$3.2 million for Q3, \$4.0 million for Q4 and an annual target of \$12.6 million. Mr. Valls met the advertising revenue target for Q1 only and earned a bonus for that quarter of \$18,750. The Board decided to grant Mr. Valls a \$6,000 bonus in respect of Q2 in recognition of his performance and efforts during the transition period following the acquisition of additional networks. Mr. Valls bonuses are set forth in the Summary Compensation Table.

Long-Term Compensation Elements

All equity awards are granted under the Hemisphere Media Group, Inc. 2013 Equity Incentive Plan (the "Equity Plan"). The Equity Plan is designed to align the interests of our stockholders and executive officers by increasing the proprietary interest of our executive officers in our growth and success, to advance our interests by attracting and retaining key employees, and to motivate our executives to act in our long-term best interests. We grant equity awards to promote the success and enhance the value of the Company by providing participants with an incentive for outstanding performance. Equity-based awards also provide the Company with necessary flexibility to motivate, attract, and retain the services of employees upon whose judgment, interest, and special effort the successful conduct of our operation is largely dependent. We did not grant any equity awards to our NEOs in Fiscal 2014, because the Company believes that equity grants should reflect multi-year service and performance.

Severance and Change in Control Benefits

The Company has entered into an employment agreement with each of Messrs. Sokol, Fischer, Ramos and Tolston that provides for severance payments and benefits in the event that his employment is terminated under specified conditions including death, disability, termination by the Company without "cause", or his resignation for "good reason" (each as defined in the agreements). Employment

Table of Contents

agreements for Messrs. Sokol, Fischer and Tolston, provide for certain enhanced severance payments if such termination or resignation occurs within 60 days before or 12 months following a change in control. The payments provided in the event of termination without cause or resignation for good reason following a change in control are designed to assure the Company of the continued employment, attention and dedication to duty of these key management employees and to seek to ensure the availability of their continued service, notwithstanding the possibility or occurrence of a change in control of the Company and termination of their employment. The severance payments and benefits payable both in the event of, and independently from, a change in control are in amounts that the Company has determined are necessary to remain competitive in the marketplace for executive talent. See "Potential Payments Upon Termination or Change in Control" for additional information.

Employee Benefit Plans and Perquisites

Executives are eligible to participate in the same health and benefit plans generally available to all full-time employees, including health, dental, vision, and disability insurance.

Perquisites

The Company provides certain limited perquisites to certain executives, including our NEOs, which we believe is necessary to ensure our compensation packages are competitive with our peers. Among these benefits are car allowances and executive life and disability insurance.

Miscellaneous

The Company does not have any equity or security ownership guidelines for executives, including the NEOs. The Company considers the accounting and tax treatment of particular forms of compensation awarded to NEOs as part of its overall review of compensation, but does not structure its compensation practices to comply with any specific accounting or tax treatment.

Non-Binding Shareholder Advisory Votes

The Company's executive compensation program received substantial stockholder support and was approved, on an advisory basis, by over 99% of stockholders voting on the proposal at the 2014 Annual Meeting of Stockholders. The Board reviewed the overall vote results and believes that these results reflect the stockholders' strong support for the compensation decisions made by the Board for the Company's NEOs for 2013. Following consideration of the 2014 voting results, the Board concluded that no changes to the Company's compensation programs were warranted at this time. The Board values stockholder feedback on all governance matters, including executive compensation. In addition, over 99% of the Company's stockholders indicated their preference, on an advisory basis, to conduct the advisory vote on executive compensation every three years. As a result, the Company intends to hold the next advisory vote on executive compensation at the Company's 2017 annual meeting.

Table of Contents**Summary Compensation Table**

The following table sets forth compensation that the Company's NEOs earned during the year ended December 31, 2014.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Stock Awards \$(2)	Option Awards \$(3)	Non-Equity Incentive	All Other Compensation \$(5)	Total (\$)
						Plan Compensation \$(4)		
Alan J. Sokol	2014	600,000				653,974	6,000	1,259,974
<i>Chief Executive Officer & President</i>	2013	441,667	300,000	7,508,000	3,155,150		17,813	11,422,629
Craig D. Fischer	2014	450,000				394,644	3,051	847,695
<i>Chief Financial Officer</i>	2013	294,445	200,000	2,308,500	1,135,125		170,181	3,813,806
Jose E. Ramos	2014	600,000					30,978	630,978
<i>President & General Manager WAPA-TV</i>	2013	687,990		745,800	283,200		41,901	1,758,891
Alex J. Tolston	2014	284,985	75,000			27,699		387,684
<i>General Counsel & Corporate Secretary</i>	2013	160,417	50,000	256,250	570,438		10,340	1,047,445
Nicolas J. Valls	2014	300,000	6,000			18,750		324,750
<i>Executive Vice President, Advertising Sales</i>	2013	62,500			153,352			215,852

- (1) For Fiscal 2014 and Fiscal 2013, Mr. Tolston's bonus represents the guaranteed minimum bonus to which he was entitled under his employment agreement. For Fiscal 2014, Mr. Valls received a one-time bonus in recognition of his performance and efforts during the transition period following the Company's acquisition of additional networks. For Fiscal 2013, Messrs. Sokol's and Fischer's bonus represent a one-time transaction bonus in recognition of their efforts in connection with the consummation of our business combination transaction on April 4, 2013.
- (2) The amount reported in this column represents the grant date fair value of restricted stock awards on the date of grant calculated in accordance with FASB ASC Topic 718. Assumptions used in calculating these amounts are described in Note 8 to the Company's audited financial statements for the year ended December 31, 2014.
- (3) The amount reported in this column represents the grant date fair value of option awards on the date of grant calculated in accordance with FASB ASC Topic 718. Assumptions used in calculating these amounts are described in Note 8 to the Company's audited financial statements for the year ended December 31, 2014.
- (4) The amount reported in this column represents awards earned based on achievement of performance goals. For Mr. Tolston the amount reported in this column represents the award earned based on the achievement of performance goals minus the guaranteed bonus to which he was entitled under his employment agreement.
- (5) For Mr. Sokol, the amount reported in this column for Fiscal 2014 represents reimbursements related to the use of his condo hotel unit in New York City when travelling on Company Business, and for Fiscal 2013 includes (i) reimbursements related to the use of his condo hotel unit in New York City when travelling on Company business (ii) \$2,250 in respect of life insurance premiums and (iii) 13,563 in legal fee reimbursement in connection with the negotiation of his employment agreement. For Mr. Fischer, the amount reported in this column for Fiscal 2014 represents payment of long term disability premiums, and for Fiscal 2013 includes (i) \$93,612 in relocation reimbursement expenses, (ii) \$2,250 in respect of life insurance premiums (iii) \$67,649 tax-gross up payment in respect of such relocation reimbursement expenses, and (iv) \$6,670 in legal fee reimbursement in connection with the negotiation of his employment agreement. For Mr. Ramos the amount reported in this column for Fiscal 2014 includes (i) \$3,317 for personal use of automobile, (ii) \$661 for life insurance premiums, and (iii) \$27,000 for the year-end cash-out of accrued but unused vacation and sick days, and for Fiscal 2013 includes (i) \$3,911 for his personal use of a Company-provided automobile and (ii) \$37,990 for the year-end cash-out of accrued but unused vacation and sick days. For Mr. Tolston, the amount reported in this column for Fiscal 2013 includes

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(i) \$3,500 in relocation reimbursement expenses, (ii) \$1,840 tax-gross up payment in respect of such relocation reimbursement expenses and (iii) \$5,000 in legal fee reimbursement in connection with the negotiation of his employment agreement.

Table of Contents**Grants of Plan-Based Awards Table for Fiscal 2014**

The following table provides information with respect to the range of future payouts under non-equity incentive plans for the NEOs for Fiscal 2014. No equity grants were made to the NEOs during Fiscal 2014.

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards	All other Number of Securities of Underlying	Grant Date Fair Value of Option and Stock Awards
	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	Options	Awards
Alan J. Sokol		600,000	900,000						
Craig D. Fischer		382,500	450,000						
Jose E. Ramos									
Alex J. Tolston		100,000	115,000						
Nicolas J. Valls		150,000	150,000						

(1)

The amounts reported in this column for Messrs. Sokol, Fischer, Tolston and Valls reflect the 2014 performance-based bonus awards that each NEO was eligible to receive pursuant to the terms of his employment agreement or employment letter agreement. The overall target and maximum performance based bonus for 2014 for Messrs. Sokol and Fischer was determined as a percentage of base salary. For Mr. Tolston the overall target and maximum performance based bonus for 2014 was determined based on his fixed target goal, and the proportional amount by which such bonus would be increased if more than 100% of performance goals were achieved and the CFO received his maximum bonus. For Mr. Valls, the target performance based bonus for 2014 was determined based on his fixed annual and quarterly target goals (as if increased on January 1, 2014). See the description of Annual Performance Bonus in the CD&A for a description of the specific performance components and more detail regarding the determination of actual 2014 annual performance bonus payments.

Narrative to Summary Compensation Table and Grant of Plan-Based Award Table***Employment Agreements****Alan J. Sokol*

On April 9, 2013, Mr. Sokol entered into an employment agreement with the Company to serve as the Chief Executive Officer and President of the Company for a term beginning on April 4, 2013 through December 31, 2016, which is automatically extended for successive one year periods, unless either party provides written notice to the other party at least 270 days prior to the expiration of the term of its intent not to extend the employment agreement. Under his employment agreement, Mr. Sokol's annual base salary is \$600,000 and he will be entitled to receive an annual bonus based on the attainment of certain percentages of the Company's performance goals. For calendar year 2013, Mr. Sokol's target annual bonus was 100% of base salary based on the achievement of 100% of performance goals, and his maximum bonus was 150% of base salary based on the achievement of at least 110% of performance goals (pro-rated to reflect the shortened calendar year). For calendar years beginning in 2014, Mr. Sokol's target annual bonus is 100% of base salary based upon the achievement of 100% of performance goals, his minimum bonus is 50% of base salary based on the achievement of 80% of performance goals and his maximum bonus is 150% of base salary based on the achievement of at least 110% of performance goals. Actual annual bonuses payable are determined based on linear interpolation between the minimum performance goals and the target performance goals and the target performance goals and the maximum performance goals. In addition, Mr. Sokol is entitled to life and AD&D insurance policies having an aggregate face value of \$5 million paid by the Company.

Mr. Sokol's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under " Potential Payments upon Termination or Change in Control."

Table of Contents

Craig D. Fischer

On April 9, 2013, Mr. Fischer entered into an employment agreement with the Company to serve as the Chief Financial Officer of the Company ("CFO") for a term beginning on April 4, 2013 through December 31, 2016, which is automatically extended for successive one year periods, unless either party provides written notice to the other party at least 270 days prior to the expiration of the term of its intent not to extend the employment agreement. Under his employment agreement, Mr. Fischer's annual base salary is currently \$450,000 (increased on January 1, 2014) and he will be entitled to receive an annual bonus based on the attainment of certain percentages of the Company's performance goals. For calendar year 2013, Mr. Fischer's target annual bonus was 85% of base salary based on the achievement of 100% of performance goals, and his maximum bonus was 100% of base salary based on the achievement of at least 110% of performance goals (pro-rated to reflect the shortened calendar year). For calendar years beginning in 2014, Mr. Fischer's target annual bonus is 85% of base salary based upon the achievement of 100% of performance goals, his minimum bonus is 50% of base salary based on the achievement of 80% of performance goals and his maximum bonus is 100% of base salary based on the achievement of at least 110% of performance goals. Actual annual bonuses payable are determined based on linear interpolation between the minimum performance goals and the target performance goals and the target performance goals and the maximum performance goals.

Mr. Fischer's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under " Potential Payments upon Termination or Change in Control."

Jose E. Ramos

On September 30, 2013, Mr. Ramos entered into an amended and restated employment and advisory services agreement with Televisi3n of Puerto Rico, LLC ("WAPA"), an indirect wholly-owned subsidiary of the Company, to serve as President and General Manager of WAPA-TV, a division of WAPA, for a term beginning August 22, 2013 through December 31, 2016. Under his employment agreement, Mr. Ramos' annual base salary was \$600,000 through December 31, 2014, and was increased to \$650,000 through December 31, 2015 and will be increased to \$700,000 through December 31, 2016. Unless Mr. Ramos' employment has been earlier terminated, commencing on January 1, 2017 through December 31, 2018, Mr. Ramos will provide advisory services as a consultant to the Company. During such advisory services period, Mr. Ramos is entitled to a consulting fee at an annual rate of \$250,000.

Mr. Ramos' employment and advisory services agreement provides for certain severance benefits to be paid in the event of employment or service termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under " Potential Payments upon Termination or Change in Control."

Alex J. Tolston

On May 6, 2013, Mr. Tolston entered into an employment agreement with the Company, effective as of April 9, 2013, to serve as the General Counsel and Corporate Secretary of the Company for a term beginning no later than June 17, 2013 through April 9, 2016, which is automatically extended for successive one year periods, unless either party provides written notice to the other party at least 270 days prior to the expiration of the term of its intent not to extend the employment agreement. Under his employment agreement, Mr. Tolston's annual base salary is currently \$288,750 (which increases by 5% on each anniversary of April 9, 2013) and he will be entitled to receive an annual bonus based on the attainment of certain percentages of the Company's performance goals that are substantially consistent with, and no less favorable than, the performance goals applicable to the annual

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Table of Contents

bonus of the CEO and CFO. Mr. Tolston's target annual bonus is \$100,000 if the Company achieves at least 100% of its performance goals, however, if Mr. Tolston is employed through December 31 of each calendar year, the annual bonus for calendar years 2013, 2014 and 2015 will be no less than \$50,000, \$75,000 and \$75,000, respectively, and if the Company achieves greater than 100% of performance goals and the CFO therefore receives an annual bonus greater than his target bonus, Mr. Tolston's annual bonus will be increased by the same percentage that the CFO's annual bonus is increased above his target bonus. In addition, Mr. Tolston was entitled to the reimbursement of certain expenses related to his relocation to Miami, Florida.

Mr. Tolston's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under " Potential Payments upon Termination or Change in Control."

Nicolas J. Valls

On October 10, 2013, Mr. Valls entered into an employment offer letter with the Company to serve as Executive Vice President, Advertising Sales commencing on or about October 22, 2013 for an indefinite term. Under his offer letter, Mr. Valls' annual base salary is \$300,000 and he will be entitled to receive quarterly bonuses and an annual bonus based on certain performance goals. Mr. Valls' quarterly bonuses during any calendar year are equal to \$18,750 and his annual bonus for any calendar year is equal to \$25,000 which were increased to \$28,125 and \$37,500, respectively, on April 1, 2014, the date the Company acquired additional ad-supported television networks. Under the terms of his employment letter, Mr. Valls was not entitled to either a quarterly or annual bonus for the year ending December 31, 2013. Mr. Valls is not entitled to any severance benefits in the event of employment termination.

Outstanding Equity Awards at 2014 Fiscal Year-End

The following table sets forth the number of unexercised options and outstanding restricted stock held by the NEOs at December 31, 2014.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock that Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested (\$)(1)
Alan J. Sokol	350,000	200,000(2)	250,000(6)	10.20	4/9/2023	333,333(2)	4,496,662	100,000(7)	1,349,000
Craig D. Fischer	108,333	166,667(2)	25,000(6)	10.20	4/9/2023	100,000(2)	1,349,000	50,000(7)	674,500
Jose E. Ramos	20,000	40,000(3)		12.43	8/22/2023	40,000(3)	539,600		
Alex J. Tolston	41,667	83,333(4)	25,000(6)	10.20	4/9/2023	16,667(4)	224,838		
Nicolas J. Valls	13,333	26,667(5)		10.60	11/19/2023				

- (1) Market value based on the closing price of a share of Class A common stock on December 31, 2014.
- (2) These options and restricted shares vest in 2 equal installments on each of April 4, 2015 and 2016.
- (3) These options and restricted shares vest in 2 equal installments on each of December 31, 2015 and 2016.
- (4)

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These options and restricted shares vest in 2 equal installments on each of April 9, 2015 and 2016.

- (5) These options vest in 2 equal installments on each of November 19, 2015 and 2016.
- (6) These options vest based on our Class A common stock attaining a closing price equal to or greater than \$15.00 per share on at least 10 trading days (which need not be consecutive).
- (7) These restricted shares vest based on our Class A common stock attaining a closing price equal to or greater than \$15.00 per share on at least 10 trading days (which need not be consecutive).

Table of Contents**Option Exercises and Stock Vested During Fiscal 2014**

The following table provides information regarding stock vesting during Fiscal 2014 for the NEOs. No NEO exercised any stock options during the year ended December 31, 2014.

Name	Stock Awards	
	Number of Shares Acquired on Vesting #(1)	Value Realized on Vesting \$(2)
Alan J. Sokol	166,667	2,086,071
Craig D. Fischer	50,000	626,000
Jose E. Ramos	20,000	269,800
Alex J. Tolston	8,334	104,091
Nicolas J. Valls		

- (1) The executives elected to reduce the number of shares delivered upon vesting of their restricted shares by the number of shares having a market value equal to the applicable tax withholding amounts on their awards. As a result, the actual shares acquired by Messrs. Sokol, Fischer, Ramos and Tolston upon settlement of their restricted stock was 108,477, 36,356, 12,930, and 6,114, respectively.
- (2) Amounts reported in this column reflect the closing price per share of our Class A common stock on NASDAQ prior to the applicable vesting date for each grant that vested.

Pension Benefits

None of our NEOs participated in any Company defined benefit pension plans during Fiscal 2014.

Nonqualified Deferred Compensation

None of our NEOs participated in any Company non-qualified deferred compensation programs during Fiscal 2014.

Potential Payments Upon Termination or Change in Control*Severance Payments and Benefits under Employment Agreements*

Messrs. Sokol, Fischer, Tolston and Ramos are entitled to certain severance benefits following termination of employment as described below. No severance payments or benefits are payable in the event of termination for cause or resignation without good reason. All severance payments and benefits are conditioned upon the execution by the executive of a release of claims against the Company and the NEO's continued compliance with the restrictive covenants contained in his employment agreement. All of the NEO's employment agreements (including Mr. Valls' employment offer letter) require the executive not to disclose at any time confidential information of the Company or any third party to which the Company has a duty of confidentiality and to assign to the Company all intellectual property developed during employment. In addition, the executive may not make disparaging statements about the Company. Messrs. Sokol, Fischer, Tolston and Ramos are required during employment and for one year thereafter not to compete with the Company and are required not to solicit the employees of the Company. In the case of Mr. Ramos, references to the "Company" in this paragraph mean WAPA.

Table of Contents

Alan J. Sokol, Craig D. Fischer and Alex J. Tolston

For Messrs. Sokol, Fischer and Tolston, if the executive's employment is terminated by the Company without cause (defined below) or by the executive for good reason (defined below), the executive will be entitled to: (i) an amount equal to one times his base salary and target bonus and (ii) a pro rata amount of the actual annual bonus he would have received had he remained employed through the year of his termination. The severance payment will be paid during the 12 month period immediately following termination in substantially equal installments, and the pro rata bonus will be paid on the date that other executives are paid their annual bonuses in respect of the year in which the executive's termination occurs.

If the executive's employment is terminated by the Company without cause or by the executive for good reason within 60 days before, or 12 months following a change in control (defined below), the executive will be entitled to: (i) an amount equal to two times his base salary and target bonus, and (ii) a pro rata amount of the target bonus he would have been eligible to receive in the year of his termination. The severance payment and pro rata bonus will be paid in cash in a lump sum within 30 days following the execution of the release of claims that has become irrevocable by its terms.

If the executive's employment is terminated due to the Company's election not to renew his employment agreement prior to a change in control, the executive will be entitled to: (i) base salary continuation for 6 months, and (ii) a pro rata amount of the actual annual bonus he would have received had he remained employed through the year of his termination. If the executive's employment is terminated due to the Company's election not to renew his employment agreement following a change in control, the executive will be entitled to an amount equal to one times his base salary and target bonus.

For purposes of the employment agreements, "cause" generally means: (i) executive's willful refusal to perform his duties for the Company, (ii) in carrying out his duties under the employment agreement, executive engages in willful misconduct, or gross neglect, that in either case causes material economic harm to the Company's business or reputation, or (iii) executive is convicted of, or enters a plea of guilty or *nolo contendere* to, a felony and such conviction or plea has a material adverse effect on his ability to perform his duties for the Company or causes material harm to the Company or its affiliates.

For purposes of the employment agreements, "good reason" generally means the occurrence of any of the following events without executive's prior express written consent: (i) any reduction in executive's base salary or target bonus, or any material diminution in executive's authorities, titles or offices, or the assignment to him of duties that materially impair his ability to perform his duties; (ii) any change in the reporting structure so that executive reports other than to the Board or CEO (as applicable) or the Executive Committee of the Board or the CEO's designee (as applicable); (iii) any relocation of Executive's principal place of employment; (iv) any material breach by the Company, or any of its affiliates, of any material obligation to executive; or (v) the failure of the Company to obtain the assumption in writing of its obligation to perform the employment agreement by any successor to all or substantially all of the business and assets of the Company within 15 days after any merger, consolidation, sale or similar transaction.

For purposes of the employment agreements, "change in control" generally means (i) the acquisition by any person of beneficial ownership of 30% or more (on a fully diluted basis) of either (A) the then outstanding shares of common stock of the Company or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote in the election of directors, (ii) a change in the composition of the Board such that members of the Board during any consecutive 12-month period cease to constitute a majority of the Board, (iii) the approval by the shareholders of the Company of a plan of complete dissolution or liquidation of the Company, or (iv) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or

Table of Contents

similar form of corporate transaction involving the Company or sale, transfer or other disposition of all or substantially all of the business or assets of the Company to an entity that is not an affiliate of the Company.

Jose E. Ramos

If Mr. Ramos is terminated without cause, he is entitled to (i) the base salary that he would have been entitled to receive had he remained employed with WAPA through the expiration of his employment term and (ii) 50% of the advisory services fees he would have been entitled to receive had he continued to be engaged through the expiration of the advisory services period.

For purposes of his employment agreement, "cause" generally means: (i) executive's willful refusal to perform his duties for WAPA, (ii) in carrying out his duties under the employment agreement, executive engages in willful misconduct, or neglect, that in either case causes material economic harm to WAPA's or the Company's business or reputation, (iii) executive's material failure to comply with WAPA policies, (iv) executive's engagement in conduct which (A) constitutes a criminal offense, or (B) is or may be unlawful, to the possible detriment of WAPA, any of its affiliates or executive's own reputation, or (iv) executive's indulgence in a pattern of improper or disorderly conduct, executive's failure to perform his work in an efficient manner, or executive's performance of work belatedly, negligently or in violation of WAPA's standards.

Equity Vesting

If Messrs. Sokol, Fischer or Tolston's employment is terminated by the Company without cause (as defined in his employment agreement), due to death or disability, on the expiration date of his employment agreement or if the executive terminates his employment for good reason (as defined in his employment agreement), then all unvested time-based stock options and restricted shares fully accelerate and become 100% vested, and all performance-based stock options and restricted shares remain outstanding for 6 months following termination and are eligible to vest if the applicable performance goals are achieved.

If Mr. Ramos' employment is terminated by the Company or any of its affiliates without cause (as defined in his employment agreement), then his unvested stock options and restricted shares fully accelerate and become 100% vested. If Mr. Ramos' employment with the Company or any of its affiliates is terminated due to death or disability, then the unvested stock options and restricted shares that would have vested in the year of such death or disability accelerate and immediately become vested.

If Mr. Valls' employment is terminated by the Company without cause, then the unvested stock options fully accelerate and become 100% vested. If Mr. Valls' employment with the Company is terminated due to death or disability, then the unvested stock options that would have vested in the year of such death or disability accelerate and immediately become vested. For purposes of his stock option awards, "cause" generally means (i) willful misconduct or gross neglect of his duties; (ii) having engaged in conduct harmful (whether financially, reputationally or otherwise) to the Company or any of its affiliates; (iii) failure or refusal to perform his duties; (iv) conviction of or guilty or no contest plea to a felony or any crime involving dishonesty or moral turpitude; (v) willful violation of the written policies of the Company or any of its affiliate; (vi) misappropriation or misuse of Company or any of its affiliates' funds or property or other act of personal dishonesty in connection with his employment; or (vii) willful breach of fiduciary duty.

Estimated Payments Upon Termination of Employment or Change in Control

The table below shows the severance payments and benefits that each NEO would receive upon (1) death or disability, (2) termination without cause, (3) termination with good reason (4) termination

Table of Contents

without cause within 60 days prior to or 12 months following a change in control, (5) termination with good reason within 60 days prior to or 12 months following a change in control, (6) non-renewal by the Company prior to a change in control, (7) non-renewal by the Company following a change in control or (8) the expiration of the employment term. None of the NEOs are entitled to a payment upon a change in control absent a termination of employment. The amounts are calculated as if the date of termination (and change in control where applicable) occurred on December 31, 2014.

Name	Death or Disability (\$)	Termination without cause (\$)	Termination with good reason (\$)	Termination without cause within 60 days prior to or 12 months following a change in control (\$)	Termination with good reason within 60 days prior to or 12 months following a change in control (\$)	Non-renewal by the Company prior to a change in control (\$)	Non-Renewal by the Company following a change in control (\$)	Expiration Date of Employment Agreement (\$)
Alan J. Sokol								
Severance		1,800,000(1)	1,800,000(1)	3,000,000(2)	3,000,000(2)	900,000(3)	1,200,000(4)	
Stock Options	1,480,500(5)	1,480,500(5)	1,480,500(5)	1,480,500(5)	1,480,500(5)			1,480,500(5)
Restricted Shares	5,845,662(6)	5,845,662(6)	5,845,662(6)	5,845,662(6)	5,845,662(6)			5,845,662(6)
Craig D. Fischer								
Severance		1,215,000(1)	1,215,000(1)	2,047,500(2)	2,047,500(2)	607,500(3)	832,500(4)	
Stock Options	630,584(5)	630,584(5)	630,584(5)	630,584(5)	630,584(5)			630,584(5)
Restricted Shares	2,023,500(6)	2,023,500(6)	2,023,500(6)	2,023,500(6)	2,023,500(6)			2,023,500(6)
Jose E. Ramos								
Severance		1,475,000(7)		1,475,000(7)				
Stock Options	21,200(8)	42,400(5)						
Restricted Shares	269,960(9)	539,600(6)						
Alex J. Tolston								
Severance		488,750(1)	488,750(1)	877,500(2)	877,500(2)	244,375(3)	388,750(4)	
Stock Options	356,416(5)	356,416(5)	356,416(5)	356,416(5)	356,416(5)			356,416(5)
Restricted Shares	224,838(6)	224,838(6)	224,838(6)	224,838(6)	224,838(6)			224,838(6)
Nicolas J. Valls								
Severance								
Stock Options	38,532(8)	77,068(5)						
Restricted Shares								

- (1) Represents cash severance payment of an amount equal to one times the sum of executive's base salary and Fiscal 2014 target bonus, and a pro-rata bonus equal to the full Fiscal 2014 target bonus.
- (2) Represents cash severance payment of an amount equal to two times the sum of executive's base salary and Fiscal 2014 target bonus, and a pro-rata bonus equal to the full Fiscal 2014 target bonus.
- (3) Represents cash severance payment of an amount equal to 6 months base salary continuation and a pro-rata bonus equal to the full Fiscal 2014 target bonus.
- (4) Represents cash severance payment of an amount equal to one times the sum of executive's base salary and Fiscal 2014 target bonus.
- (5)

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Represents the cash-out value of all unvested options as of December 31, 2014, at the fair market value of our Class A common stock (\$13.49) less the exercise price assuming that any performance thresholds were met on December 31, 2014. Note that in the absence of an actual transaction, it is not possible to determine whether the thresholds would in fact actually be met.

- (6) Represents the market value of all unvested restricted shares as of December 31, 2014 assuming that any performance thresholds were met on December 31, 2014. Note that in the absence of an actual transaction, it is not possible to determine whether the thresholds would in fact actually be met.
- (7) Represents the cash severance payment equal to the remaining base salary payable through the end of executive's employment term, and 50% of the advisory service fee under his employment agreement.
- (8) Represents the cash-out value of the unvested options scheduled to vest in the calendar year ending December 31, 2014, at the fair market value of our Class A common stock (\$13.49) less the exercise price. Note that in the absence of an actual transaction, it is not possible to determine whether the thresholds would in fact actually be met.
- (9) Represents the market value of all unvested restricted shares scheduled to vest in calendar year ending December 31, 2014. Note that in the absence of an actual transaction, it is not possible to determine whether the thresholds would in fact actually be met.
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Table of Contents**Director Compensation for Fiscal 2014**

Each non-employee director (other than our Vice Chairman, Mr. McNamara) receives an annual cash retainer of \$40,000, the Chair of the Audit Committee receives an additional annual cash retainer of \$10,000 and the other members of the Audit Committee each receive an additional annual cash retainer of \$5,000. In addition to the cash compensation, each non-employee director receives an annual grant of restricted stock equal to that number of shares of our Class A common stock with a value on the date of grant of \$100,000 (or \$300,000 in the case of the Chairman of the Board). The restricted stock grants vest on the day prior to the Company's annual shareholders meeting following the grant.

The Company has engaged Mr. McNamara to provide certain consulting services to the Company and its affiliates for an average of 15 hours per week. For his consulting services, Mr. McNamara is entitled to an annual consulting fee of \$152,000 (paid monthly), a discretionary annual bonus of up to \$50,000, payment of health insurance premiums and Company-provided office and parking space.

The following table sets forth compensation earned by the Company's directors during the year ended December 31, 2014.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)(8)	Option Awards \$(9)	All Other Compensation(10) (\$)	Total (\$)
Gabriel Brener	40,000	100,007			140,007
John Engelman(3)	45,000	100,007			145,007
Leo Hindery, Jr.	40,000	100,007			140,007
Peter M. Kern(4)	40,000	300,011			340,011
Eric C. Neuman(5)	50,000	100,007			150,007
James McNamara				232,456	232,456
Vincent L Sadusky(6)	45,000	100,007			(187) 57 (4,134)
Deferred revenue and cost of inventory in transit, net	(12,316)	4,624	(22,607)		
Other current assets	2,116	(15,219)	(197,735)		
Net cash provided by operating activities	554,923	620,875	296,137		
Cash Flows from Investing Activities					
Acquisition of subsidiaries, less cash acquired	(2,153)	(3,497)			
Acquisition of minority interest in subsidiaries	(4,016)	(73,936)	(37,021)		
Acquisition of Moscow Coke and Gas Plant	(156,474)				
Investment in Yakutugol		(411,182)			
Acquisition of Izhstal			(22,742)		
Acquisition of Port Posiet			(29,966)		
Acquisition of Kaslinsky Architectural Casting Plant			(996)		
Investments in other non-marketable securities	(2,016)	(7,554)	(29,762)		
Proceeds from disposal of non-marketable equity securities	6,507	19,388	875,967		

Consolidated Statements of Cash Flows*(in thousands of U.S. dollars, except share amounts)*

	Year ended December 31,		
	2006	2005	2004
Proceeds from disposals of property, plant and equipment	3,456	2,628	3,647
Purchases of mineral licenses	(6,382)	(93,033)	
Purchases of property, plant and equipment	(391,460)	(427,521)	(303,411)
Net cash (used in) provided by investing activities	(552,538)	(994,707)	455,716
Cash Flows from Financing Activities			
Proceeds from short-term borrowings	883,307	1,577,984	954,733
Repayment of short-term borrowings	(1,116,762)	(1,686,578)	(941,340)
Dividends paid	(189,583)	(194,154)	(5,145)
Proceeds from issuance of common stock			220,873
Purchase of treasury stock	(36,449)		
Proceeds from disposal of treasury stock	1,248		
Proceeds from long-term debt	415,345	14,815	75,241
Repayment of long-term debt	(110,840)	(20,180)	(52,093)
Repayment of obligations under finance lease	(9,048)	(757)	
Net cash (used in) provided by financing activities	(162,782)	(308,870)	252,269
Effect of exchange rate changes on cash and cash equivalents	21,236	(30,284)	1,360
Net (decrease) increase in cash and cash equivalents	(139,161)	(712,986)	1,005,482
Cash and cash equivalents at beginning of year	311,775	1,024,761	19,279
Cash and cash equivalents at end of year	\$ 172,614	\$ 311,775	\$ 1,024,761
Supplementary cash flow information:			
Interest paid, net of amount capitalized	\$ (38,882)	\$ (43,354)	\$ (62,835)
Income taxes paid	\$ (196,913)	\$ (171,774)	\$ (136,473)
Non-cash Activities:			
Net assets of subsidiaries contributed by minority shareholders in exchange for shares issued by subsidiaries	\$ 9,641	\$ 17,460	\$ 340
Acquisition of plant and equipment in exchange for goods	\$	\$	\$ 3,071
Acquisition of equipment under finance lease	\$ 46,855	\$ 10,291	\$
Conversion of debt into shares of subsidiaries	\$ 20,482	\$ 25,595	\$
Treasury shares issued to acquire subsidiary	\$ 119,950	\$	\$ 9,723

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MECHEL OAO

By: /s/ Igor Zyuzin
Name: Igor Zyuzin
Title: CEO

Date: June 28, 2007

13
