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

# Form 10-Q

**(Mark One)**

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2011**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from __________ to __________**

**Commission file number 000-27823**

# Spanish Broadcasting System, Inc.

(Exact name of registrant as specified in its charter)

| **Delaware** | **13-3827791** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |

**2601 South Bayshore Drive, PH 2**
**Coconut Grove, Florida 33133**
*(Address of principal executive offices) (Zip Code)*

**(305) 441-6901**
*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☑

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of November 8, 2011, 4,166,991 shares of Class A common stock, par value $0.0001 per share, 2,340,353 shares of Class B common stock, par value $0.0001 per share and 380,000 shares of Series C convertible preferred stock, $0.01 par value per share, which are convertible into 760,000 shares of Class A common stock, were outstanding. The number of Class A and Class B common stock shares reflects a 1-for-10 reverse stock split effectuated by the Company at 11:59p.m., Eastern Daylight Time on July 11, 2011.

**SPANISH BROADCASTING SYSTEM, INC.**
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## Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "estimate", "plan", "project", "foresee", "likely", "will" or other words or phrases with similar meanings. Similarly, statements that describe our objectives, plans or goals are, or may be, forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be different from any future results, performance and anticipated achievements expressed or implied by these statements. We do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to those described in our Annual Report on Form 10-K for the year ended December 31, 2010, and those described from time to time in our future reports filed with the Securities and Exchange Commission (the "SEC").

## PART I. FINANCIAL INFORMATION

**Item 1.** ***Financial Statements — Unaudited***

### SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

| | September 30, 2011 | December 31, 2010 |
|---|---|---|
| | (In thousands, except share data) | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 63,452 | 55,140 |
| Receivables, net of allowance for doubtful accounts of $974 in 2011 and $813 in 2010 | 25,040 | 26,160 |
| Prepaid expenses and other current assets | 3,629 | 3,219 |
| Total current assets | 92,121 | 84,519 |
| Property and equipment, net of accumulated depreciation of $56,562 in 2011 and $52,819 in 2010 | 42,812 | 40,006 |
| FCC broadcasting licenses | 323,055 | 312,623 |
| Goodwill | 32,806 | 32,806 |
| Other intangible assets, net of accumulated amortization of $341 in 2011 and $250 in 2010 | 2,207 | 1,184 |
| Deferred financing costs, net of accumulated amortization of $6,875 in 2011 and $6,088 in 2010 | 726 | 1,514 |
| Other assets | 1,945 | 2,167 |
| Total assets | $ 495,672 | 474,819 |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 17,382 | 17,980 |
| Accrued interest | 1,138 | 4,057 |
| Unearned revenue | 1,029 | 745 |
| Other liabilities | 718 | 750 |
| Current portion of the senior credit facility term loan due 2012 | 303,875 | 3,250 |
| Current portion of other long-term debt | 3,067 | 416 |
| Series B cumulative exchangeable redeemable preferred stock dividends payable | 19,441 | 14,478 |
| Total current liabilities | 346,650 | 41,676 |
| Other liabilities, less current portion | 543 | 985 |
| Derivative instruments | 775 | 829 |
| Senior credit facility term loan due 2012, less current portion | — | 303,063 |
| Other long-term debt, less current portion | 11,356 | 6,180 |
| Deferred income taxes | 82,331 | 78,247 |
| Total liabilities | 441,655 | 430,980 |
| Commitments and contingencies (note 7) | | |
| Cumulative exchangeable redeemable preferred stock: | | |
| 10¾% Series B cumulative exchangeable redeemable preferred stock, $0.01 par value, liquidation value $1,000 per share. Authorized 280,000 shares; 92,349 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | 92,349 | 92,349 |
| Stockholders' deficit: | | |
| Series C convertible preferred stock, $0.01 par value and liquidation value. Authorized 600,000 shares; 380,000 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | 4 | 4 |
| Class A common stock, $0.0001 par value. Authorized 100,000,000 shares; 4,166,991 and 4,163,991 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | — | — |
| Class B common stock, $0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | — | — |
| Additional paid-in capital | 525,231 | 525,205 |
| Accumulated other comprehensive loss | (775) | (829) |
| Accumulated deficit | (562,792) | (572,890) |
| Total stockholders' deficit | (38,332) | (48,510) |
| Total liabilities and stockholders' deficit | $ 495,672 | 474,819 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Unaudited Condensed Consolidated Statements of Operations

| | Three-Months Ended September 30, | | Nine-Months Ended September 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | (In thousands, except per share data) | | | |
| Net revenue | $ 36,412 | 34,553 | 102,814 | 101,236 |
| Operating expenses: | | | | |
| Engineering and programming | 8,733 | 9,969 | 28,508 | 29,834 |
| Selling, general and administrative | 12,562 | 12,502 | 36,698 | 36,123 |
| Corporate expenses | 1,647 | 1,331 | 5,590 | 5,806 |
| Depreciation and amortization | 1,414 | 1,392 | 4,010 | 4,394 |
| | 24,356 | 25,194 | 74,806 | 76,157 |
| (Gain) loss on the disposal of assets, net | (8) | 23 | (17) | 31 |
| Impairment charges and restructuring costs | — | 2,097 | 207 | 2,097 |
| Operating income | 12,064 | 7,239 | 27,818 | 22,951 |
| Other (expense) income: | | | | |
| Interest expense, net | (2,054) | (2,317) | (6,114) | (11,743) |
| Change in fair value of derivative instrument | — | — | — | 5,863 |
| Income before income taxes | 10,010 | 4,922 | 21,704 | 17,071 |
| Income tax expense | 1,220 | 1,844 | 4,160 | 5,390 |
| Net income | 8,790 | 3,078 | 17,544 | 11,681 |
| Dividends on Series B preferred stock | (2,482) | (2,482) | (7,446) | (7,446) |
| Net income applicable to common stockholders | $ 6,308 | 596 | 10,098 | 4,235 |
| Basic net income per common share | $ 0.87 | 0.08 | 1.39 | 0.58 |
| Diluted net income per common share | $ 0.87 | 0.08 | 1.39 | 0.58 |
| Weighted average common shares outstanding: | | | | |
| Basic | 7,267 | 7,261 | 7,267 | 7,260 |
| Diluted | 7,272 | 7,283 | 7,279 | 7,282 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Unaudited Condensed Consolidated Statement of Changes in Stockholders' Deficit
and Comprehensive Income for the Nine-Months Ended September 30, 2011

| | Class C preferred stock | | Class A common stock | | Class B common stock | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Par value | Number of shares | Par value | Number of shares | Par value | Additional paid-in capital | Accumulated other comprehensive loss | Accumulated deficit | Total stockholders' deficit |
| | (In thousands, except share data) | | | | | | | | | |
| Balance at December 31, 2010 | 380,000 | $ 4 | 4,163,991 | $ — | 2,340,353 | $ — | $ 525,205 | $ (829) | $ (572,890) | $ (48,510) |
| Issuance of Class A common stock from vesting of restricted stock | — | — | 3,000 | — | — | — | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | — | 26 | — | — | 26 |
| Series B preferred stock dividends | — | — | — | — | — | — | — | — | (7,446) | (7,446) |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | — | — | — | — | 17,544 | 17,544 |
| Unrealized gain on derivative instruments | — | — | — | — | — | — | — | 54 | — | 54 |
| Comprehensive income | | | | | | | | | | 17,598 |
| Balance at September 30, 2011 | 380,000 | $ 4 | 4,166,991 | $ — | 2,340,353 | $ — | $ 525,231 | $ (775) | $ (562,792) | $ (38,332) |

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Unaudited Condensed Consolidated Statements of Cash Flows

| | Nine-Months Ended September 30, | |
|---|---|---|
| | **2011** | **2010** |
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income | $ 17,544 | 11,681 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| (Gain) loss on the sale of assets | (17) | 31 |
| Impairment charges | 207 | 2,097 |
| Stock-based compensation | 26 | 146 |
| Depreciation and amortization | 4,010 | 4,394 |
| Net barter income | (264) | (214) |
| Provision for trade doubtful accounts | 811 | 370 |
| Amortization of deferred financing costs | 788 | 796 |
| Deferred income taxes | 4,084 | 5,230 |
| Unearned revenue | 520 | 220 |
| Change in fair value of derivative instrument | — | (3,962) |
| Changes in operating assets and liabilities: | | |
| Trade receivables | 336 | (99) |
| Prepaid expenses and other current assets | (410) | 464 |
| Other assets | 222 | 203 |
| Accounts payable and accrued expenses | (207) | (429) |
| Accrued interest | (2,919) | (1,536) |
| Other liabilities | (681) | 369 |
| Net cash provided by operating activities | 24,050 | 19,761 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (2,505) | (1,257) |
| Proceeds from the sale of property and equipment and insurance recoveries | 31 | — |
| Acquisition of a television station and related equipment | (8,000) | — |
| Net cash used in investing activities | (10,474) | (1,257) |
| Cash flows from financing activities: | | |
| Payment of senior credit facility revolver due 2010 | — | (15,000) |
| Payment of senior secured credit facility term loan 2012 | (2,438) | (2,438) |
| Payment of Series B preferred stock cash dividends | (2,483) | (2,482) |
| Payments of other long-term debt | (343) | (346) |
| Net cash used in financing activities | (5,264) | (20,266) |
| Net increase (decrease) in cash and cash equivalents | 8,312 | (1,762) |
| Cash and cash equivalents at beginning of period | 55,140 | 53,580 |
| Cash and cash equivalents at end of period | $ 63,452 | 51,818 |
| Supplemental cash flows information: | | |
| Interest paid | $ 8,218 | 9,582 |
| Income taxes paid, net | $ 8 | 20 |
| Noncash investing and financing activities: | | |
| Three-year promissory note issued for the acquisition of a television station and related equipment | $ 8,000 | — |
| Accrual of Series B preferred stock cash dividends not declared | $ 4,963 | 4,964 |
| Unrealized gain (loss) on derivative instruments | $ 54 | (419) |

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Spanish Broadcasting System, Inc. and its subsidiaries (the Company, we, us, our or SBS). All intercompany balances and transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements as of September 30, 2011 and December 31, 2010 and for the three- and nine-month periods ended September 30, 2011 and 2010 have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. They do not include all information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements as of, and for the fiscal year ended December 31, 2010, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are all of a normal and recurring nature, necessary for a fair presentation of the results of the interim periods. Additionally, we evaluated subsequent events after the balance sheet date of September 30, 2011 through the financial statements issuance date. The results of operations for the three- and nine-month periods ended September 30, 2011 are not necessarily indicative of the results for a full year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Significant items subject to such estimates and assumptions include: the useful lives of fixed assets, allowance for doubtful accounts, the valuation of derivatives, deferred tax assets, fixed assets, intangible assets, stock-based compensation, contingencies and litigation. These estimates and assumptions are based on management's best judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions as facts and circumstances dictate. Illiquid credit markets, volatile equity markets and reductions in advertising spending have combined to increase the uncertainty inherent in such estimates and assumptions. Actual results could differ from these estimates.

On July 5, 2011, we filed with the Secretary of State of the State of Delaware, a Certificate of Amendment to our Certificate of Incorporation (the "Certificate of Amendment") to effect a 1-for-10 reverse stock split of the shares of our Class A and Class B common stock. The reverse stock split became effective at 11:59p.m., Eastern Daylight Time on July 11, 2011. The condensed consolidated financial statements for current and prior periods have been adjusted to reflect the change in number of shares.

## 2. Stockholders' Deficit

***(a) Reverse Stock Split of our Class A and Class B Common Stock***

On July 5, 2011, we filed the Certificate of Amendment with the Secretary of State of the State of Delaware, which effected a one-for-ten (1-for-10) reverse stock split of our outstanding Class A common stock, par value $0.0001 per share (the "Class A common stock") and Class B common stock, par value $0.0001 per share (the "Class B common stock"). The reverse stock split became effective at 11:59p.m., Eastern Daylight Time on July 11, 2011.

The reverse stock split was approved by our stockholders at the annual meeting held on June 1, 2011. The trading of our common stock on the NASDAQ Global Market on a split-adjusted basis began at the opening of trading on July 12, 2011, at which time the symbol changed to SBSAD to indicate that the reverse stock split had occurred. The symbol returned to the normal SBSA at the open of the market on August 9, 2011.

As a result of the reverse stock split, each ten (10) outstanding shares of pre-split common stock automatically combined into one (1) share of post-split common stock. No fractional shares were issued. Proportional adjustments were made to our outstanding stock, stock options and other equity awards and to our equity compensation plans to reflect the reverse stock split. The condensed consolidated financial statements for current and prior periods have been adjusted to reflect the change in number of shares.

*(b) Series C Convertible Preferred Stock*

On December 23, 2004, in connection with the closing of the merger agreement, dated October 5, 2004, with CBS Radio (formerly known as Infinity Media Corporation, CBS Radio), a division of CBS Corporation, Infinity Broadcasting Corporation of San Francisco ("Infinity SF") and SBS Bay Area, LLC, a wholly-owned subsidiary of SBS, pursuant to which SBS acquired the FCC license of Infinity SF (the "CBS Radio Merger"), we issued to CBS Radio an aggregate of 380,000 shares of Series C convertible preferred stock, $0.01 par value per share (the "Series C preferred stock"). Each share of Series C preferred Stock is convertible at the option of the holder into two fully paid and non-assessable shares of the Class A common stock. The shares of Series C preferred stock issued at the closing of the CBS Radio Merger are convertible into 760,000 shares of Class A common stock, subject to certain adjustments. The number of Class A common stock shares reflects a 1-for-10 reverse stock split effectuated by the Company at 11:59p.m., Eastern Daylight Time on July 11, 2011. In connection with the CBS Radio Merger, we also entered into a registration rights agreement with CBS Radio, pursuant to which CBS Radio may instruct us to file up to three registration statements, on a best efforts basis, with the SEC, providing for the registration for resale of the Class A common stock issuable upon conversion of the Series C preferred stock.

We are required to pay holders of Series C preferred stock dividends on parity with our Class A common stock and Class B common stock, and each other class or series of our capital stock created after December 23, 2004.

*(c) Class A and B Common Stock*

The rights of the Class A common stock holders and Class B common stock holders are identical except with respect to their voting rights and conversion provisions. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to ten votes per share. The Class B common stock is convertible to Class A common stock on a share-for-share basis at the option of the holder at any time, or automatically upon a transfer of the Class B common stock to a person or entity which is not a permitted transferee (as described in our Certificate of Incorporation). Holders of each class of common stock are entitled to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. Neither the holders of the Class A common stock nor the holders of the Class B common stock has preemptive or other subscription rights, and there are no redemption or sinking fund provisions with respect to such shares. Each class of common stock is subordinate to our 10 3/4% Series B cumulative exchangeable redeemable preferred stock, par value $0.01 per share (the "Series B preferred stock"). The Series B preferred stock has a liquidation preference of $1,000 per share and is on parity with the Series C preferred stock with respect to dividend rights and rights upon liquidation, winding up and dissolution of SBS.

*(d) Share-Based Compensation Plans*

**2006 Omnibus Equity Compensation Plan**

In July 2006, we adopted an omnibus equity compensation plan (the "Omnibus Plan") in which grants of Class A common stock can be made to participants in any of the following forms: (i) incentive stock options, (ii) non-qualified stock options, (iii) stock appreciation rights, (iv) stock units, (v) stock awards, (vi) dividend equivalents, and (vii) other stock-based awards. The Omnibus Plan authorizes up to 350,000 shares of our Class A common stock for issuance, subject to adjustment in certain circumstances. The Omnibus Plan provides that the maximum aggregate number of shares of Class A common stock units, stock awards and other stock-based awards that may be granted, other than dividend equivalents, to any individual during any calendar year is 100,000 shares, subject to adjustments.

**1999 Stock Option Plans**

In September 1999, we adopted an employee incentive stock option plan (the "1999 ISO Plan") and a non-employee director stock option plan (the "1999 NQ Plan", and together with the 1999 ISO Plan, the "1999 Stock Option Plans"). Options granted under the 1999 ISO Plan vest according to the terms determined by the compensation committee of our board of directors, and have a contractual life of up to ten years from the date of grant. Options granted under the 1999 NQ Plan vest 20% upon grant and 20% each year for the first four years from the date of grant. All options granted under the 1999 ISO Plan and the 1999 NQ Plan vest immediately upon a change in control of SBS, as defined therein. A total of 300,000 shares and 30,000 shares of Class A common stock were reserved for issuance under the 1999 ISO Plan and the 1999 NQ Plan, respectively. In September 2009, our 1999 Stock Option Plans expired; therefore, no more options can be granted under these plans.

**Stock Options and Nonvested Shares Activity**

Stock options have only been granted to employees and directors. Our stock options have various vesting schedules and are subject to the employees and directors continuing their service to SBS. We recognize compensation expense based on the estimated grant date fair value using the Black-Scholes option pricing model and recognize the compensation expense using a straight-line amortization method. When estimating forfeitures, we consider voluntary termination behaviors, as well as trends of actual option forfeitures. Ultimately, our stock-based compensation expense is based on awards that vest. Our stock-based compensation has been reduced for estimated forfeitures.

A summary of the status of our stock options, as of December 31, 2010 and September 30, 2011, and changes during the nine-months ended September 30, 2011, is presented below (in thousands, except per share data):

| | Shares | Weighted Average Exercise Price | Aggregate Intrinsic Value | Weighted Average Remaining Contractual Life (Years) |
|---|---|---|---|---|
| Outstanding at December 31, 2010 | 192 | $ 59.04 | | |
| Granted | — | — | | |
| Exercised | — | — | | |
| Forfeited | (6) | 74.50 | | |
| Outstanding at September 30, 2011 | 186 | $ 58.59 | $ — | 3.7 |
| Exercisable at September 30, 2011 | 183 | $ 59.25 | $ — | 3.6 |

During the nine-months ended September 30, 2011 and 2010, no stock options were exercised; therefore, no cash payments were received. In addition, we did not recognize a tax benefit on our stock-based compensation expense due to our valuation allowance on substantially all of our deferred tax assets.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2011 (in thousands, except per share data):

| | Outstanding | | | Weighted Average Remaining Contractual Life (Years) | Exercisable | |
|---|---|---|---|---|---|---|
| Range of Exercise Prices | Vested Options | Unvested Options | Weighted Average Exercise Price | | Number Exercisable | Weighted Average Exercise Price |
| $2.00 — 49.99 | 69 | 3 | $ 16.36 | 7.1 | 69 | $ 16.29 |
| 50.00 — 99.99 | 94 | — | 80.78 | 1.5 | 94 | 80.78 |
| 100.00 — 117.80 | 20 | — | 107.87 | 2.1 | 20 | 107.87 |
| | 183 | 3 | $ 58.59 | 3.7 | 183 | $ 59.25 |

Nonvested shares (restricted stock or restricted stock units) are awarded to employees under our Omnibus Plan. In general, nonvested shares will vest over three to five years and are subject to the employees continuing their service to us. The cost of nonvested shares is determined using the fair value of our common stock on the date of grant. The compensation expense is recognized over the vesting period.

A summary of the status of our nonvested shares, as of December 31, 2010 and September 30, 2011, and changes during the nine-months ended September 30, 2011, is presented below (in thousands, except per share data):

| | Shares | Weighted Average Grant-Date Fair Value (per Share) |
|---|---|---|
| Nonvested at December 31, 2010 | 3 | $ 15.70 |
| Awarded | — | — |
| Vested | (3) | 15.70 |
| Forfeited | — | — |
| Nonvested at September 30, 2011 | — | $ — |

### 3. Basic and Diluted Net Income Per Common Share

Basic net income per common share was computed by dividing net income applicable to common stockholders by the weighted average number of shares of common stock and convertible preferred stock outstanding for each period presented, using the "if converted" method. Diluted net income per common share is computed by giving effect to common stock equivalents as if they were outstanding for the entire period.

On July 5, 2011, we filed with the Secretary of State of the State of Delaware, the Certificate of Amendment to effect a 1-for-10 reverse stock split of our Class A and Class B common stock shares. The reverse stock split became effective at 11:59p.m., Eastern Daylight Time on July 11, 2011, and the condensed consolidated financial statements for current and prior periods have been adjusted to reflect the change in number of shares.

The following is a reconciliation of the shares used in the computation of basic and diluted net income per share for the three- and nine-month periods ended September 30, 2011 and 2010 (in thousands):

| | Three-Months Ended September 30, | | Nine-Months Ended September 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Basic weighted average shares outstanding | 7,267 | 7,261 | 7,267 | 7,260 |
| Effect of dilutive equity instruments | 5 | 22 | 12 | 22 |
| Dilutive weighted average shares outstanding | 7,272 | 7,283 | 7,279 | 7,282 |
| Options to purchase shares of common stock and other stock-based awards outstanding which are not included in the calculation of diluted net income per share because their impact is anti-dilutive | 176 | 169 | 164 | 170 |

**4. Operating Segments**

We have two reportable segments: radio and television. The following summary table presents separate financial data for each of our operating segments (in thousands):

| | Three-Months Ended September 30, | | Nine-Months Ended September 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | (In thousands) | | (In thousands) | |
| **Net revenue:** | | | | |
| Radio | $ 31,970 | 30,468 | 89,633 | 89,371 |
| Television | 4,442 | 4,085 | 13,181 | 11,865 |
| Consolidated | $ 36,412 | 34,553 | 102,814 | 101,236 |
| **Engineering and programming expenses:** | | | | |
| Radio | $ 5,322 | 5,795 | 17,010 | 17,269 |
| Television | 3,411 | 4,174 | 11,498 | 12,565 |
| Consolidated | $ 8,733 | 9,969 | 28,508 | 29,834 |
| **Selling, general and administrative expenses:** | | | | |
| Radio | $ 10,492 | 10,628 | 30,264 | 30,583 |
| Television | 2,070 | 1,874 | 6,434 | 5,540 |
| Consolidated | $ 12,562 | 12,502 | 36,698 | 36,123 |
| **Corporate expenses:** | $ 1,647 | 1,331 | 5,590 | 5,806 |
| **Depreciation and amortization:** | | | | |
| Radio | $ 547 | 622 | 1,710 | 2,008 |
| Television | 739 | 569 | 1,889 | 1,695 |
| Corporate | 128 | 201 | 411 | 691 |
| Consolidated | $ 1,414 | 1,392 | 4,010 | 4,394 |
| **(Gain) loss on the disposal of assets, net:** | | | | |
| Radio | $ — | 23 | (9) | 23 |
| Television | — | — | — | 8 |
| Corporate | (8) | — | (8) | — |
| Consolidated | $ (8) | 23 | (17) | 31 |
| **Impairment charges and restructuring costs:** | | | | |
| Radio | $ — | — | — | — |
| Television | — | 43 | — | 43 |
| Corporate | — | 2,054 | 207 | 2,054 |
| Consolidated | $ — | 2,097 | 207 | 2,097 |
| **Operating income (loss):** | | | | |
| Radio | $ 15,609 | 13,400 | 40,658 | 39,488 |
| Television | (1,778) | (2,575) | (6,640) | (7,986) |
| Corporate | (1,767) | (3,586) | (6,200) | (8,551) |
| Consolidated | $ 12,064 | 7,239 | 27,818 | 22,951 |
| **Capital expenditures:** | | | | |
| Radio | $ 267 | 218 | 720 | 619 |
| Television | 24 | 62 | 1,658 | 372 |
| Corporate | 6 | 170 | 126 | 266 |
| Consolidated | $ 297 | 450 | 2,504 | 1,257 |

| **Total Assets:** | September 30, 2011 | December 31, 2010 |
|---|---|---|
| | (In thousands) | |
| Radio | $ 430,088 | 425,106 |
| Television | 62,118 | 45,707 |
| Corporate | 3,466 | 4,006 |
| Consolidated | $ 495,672 | 474,819 |

## 5. Comprehensive Income

Our total comprehensive income, comprised of net income, amounts reclassified to earnings during the period, and unrealized gain (loss) on derivative instruments, for the three- and nine-months ended September 30, 2011 and 2010, respectively, was as follows (in thousands):

| | Three-Months Ended September 30, | | Nine-Months Ended September 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Net income | $ 8,790 | 3,078 | $ 17,544 | 11,681 |
| Other comprehensive income: | | | | |
| Amounts reclassified to earnings during the period | — | — | — | 1,901 |
| Unrealized gain (loss) on derivative instruments | 38 | (193) | 54 | (419) |
| Total comprehensive income | $ 8,828 | 2,885 | $ 17,598 | 13,163 |

## 6. Income Taxes

We have determined that due to a variety of reasons, we are currently unable to estimate our annual effective tax rate during our interim periods, which would be applied to our pre-tax ordinary income. We are calculating our effective income tax rate using a year-to-date income tax calculation. Our income tax expense differs from the statutory federal tax rate of 35% and related statutory state tax rates, primarily as a result of the reversal of our deferred tax liabilities related to the tax amortization of our FCC broadcasting licenses, which could no longer be assured over our net operating loss carry forward period. Therefore, our effective tax rate is impacted by the establishment of a valuation allowance on substantially all of our deferred tax assets.

We file federal, state and local income tax returns in the United States and Puerto Rico. The tax years that remain subject to assessment of additional liabilities by the United States federal, state, and local tax authorities are 2008 through 2010. The tax years that remain subject to assessment of additional liabilities by the Puerto Rico tax authority are 2007 through 2011.

Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our consolidated financial statements as of September 30, 2011 and December 31, 2010.

## 7. Litigation

We are subject to certain legal proceedings and claims that have arisen in the ordinary course of business and have not been fully adjudicated. In the opinion of management, there is not a reasonable probability that we may have a potential liability related to any current legal proceedings and claims that would cause us to incur a material loss in excess of a recorded accrual. However, the results of legal proceedings cannot be predicted with certainty. Although management considers the likelihood of such an outcome to be remote, should we fail to prevail in any of these legal matters or should all of these legal matters be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

## 8. Fair Value Measurement Disclosures

### Fair Value of Financial Instruments

Cash and cash equivalents, receivables, accounts payable, and other current liabilities, as reflected in the unaudited condensed consolidated balance sheets, approximate fair value because of the short-term maturity of these instruments. The estimated fair value of our other long-term debt instruments, approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The estimated fair values of our financial instruments are as follows (in millions):

| Description | September 30, 2011 Gross Carrying Amount | September 30, 2011 Fair Value | December 31, 2010 Gross Carrying Amount | December 31, 2010 Fair Value |
|---|---|---|---|---|
| Senior credit facility term loan | $ 303.9 | 272.0 | 306.3 | 291.2 |
| 10¾% Series B cumulative exchangeable redeemable preferred stock | 92.3 | 64.2 | 92.3 | 69.3 |
| Promissory notes payable, included in other long-term debt | 14.2 | 14.3 | 6.5 | 6.4 |

The fair value estimates of these financial instruments were based upon either: (a) market quotes from a major financial institution taking into consideration the most recent market activity, or (b) a discounted cash flow analysis taking into consideration current rates.

**Fair Value of Derivative Instruments**

The following table represents required quantitative disclosures regarding fair values of our derivative instruments (in thousands).

| Description | September 30, 2011 carrying value and balance sheet location of derivative instruments | Fair value measurements at September 30, 2011 — Liabilities: Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| ***Derivative designated as a cash flow hedging instrument:*** | | | | |
| Interest rate swap | $ 775 | — | 775 | — |

| Description | December 31, 2010 carrying value and balance sheet location of derivative instruments | Fair value measurements at December 31, 2010 — Liabilities: Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| ***Derivative designated as a cash flow hedging instrument:*** | | | | |
| Interest rate swap | $ 829 | — | 829 | — |

The interest rate swap fair value is derived from the present value of the difference in cash flows based on the forward-looking LIBOR yield curve rates, as compared to our fixed rate applied to the hedged amount through the term of the agreement, less adjustments for credit risk.

| Interest rate swaps | Three-Months Ended September 30, 2011 | Three-Months Ended September 30, 2010 | Nine-Months Ended September 30, 2011 | Nine-Months Ended September 30, 2010 |
|---|---|---|---|---|
| Gain (loss) recognized in other comprehensive loss (effective portion) | $ 38 | (193) | $ 54 | (419) |
| Loss reclassified from accumulated other comprehensive loss into interest expense | — | — | — | 1,901 |
| Gain recognized in change in fair value of derivative instrument | — | — | — | 5,863 |

**9. Acquisition of Houston Television Station**

On August 1, 2011, through our wholly-owned subsidiaries, Mega Media Holdings, Inc. (“Mega Media Holdings”) and KTBU Licensing, Inc. (“KTBU-Sub,” and, together with Mega Media Holdings, “Mega Media”), we completed the acquisition of certain assets, including licenses, permits and authorizations issued by the Federal Communications Commission (the “FCC”) used in or related to the operation of television station KTBU-TV (Digital 42 (Virtual Channel 55)) in Conroe, Texas, pursuant to that certain asset purchase agreement (the “Purchase Agreement”), dated May 2, 2011, as amended on July 19, 2011, with Channel 55/42 Operating, LP, a Texas limited partnership, USFR Tower Operating, LP, a Texas limited partnership, Humanity Interested Media, L.P., a Texas limited partnership, USFR Equity Drive Property LLC, a Texas limited partnership, and US Farm & Ranch Supply Company, Inc., a Texas corporation (“USFR”). On August 1, 2011, MegaTV programming debuted on KTBU-TV, which serves the Houston area.

In connection with the closing, we paid an aggregate purchase price equal to $16.0 million, consisting of (i) cash in the amount of $8.0 million and (ii) a thirty-six month, secured promissory note in the principal amount of $8.0 million, bearing a fixed interest rate of 6%.

We allocated the total cost of the purchase price of KTBU-TV based on the fair value of the assets acquired as follows: $10.4 million for FCC licenses, $4.5 million for property and equipment, and $1.1 million for other intangible assets.

In addition, as part of the television station acquisition, we entered into a lease agreement with USFR Equity Drive Property LLC. The lease agreement covers approximately 30,000 square feet of space in Houston, Texas and specified furnishings and broadcasting equipment. The lease has an initial term of 10 years, subject to two 5-year extensions at our option, and is terminable at any time by us on not less than 180 days prior notice. The lease also provides us with an option to purchase the property and the furnishings and equipment for a purchase price of $4 million if the purchase occurs during the first 12 months of the lease term, increasing by 2.5% annually during each successive 12-month period of the lease term.

**10. Refinancing of our Senior Credit Facility due 2012**

We continue to explore alternatives for the refinancing of our first lien credit facility term loan due June 2012 (the "Senior Credit Facility") believe that we will be able to refinance that facility on terms that are satisfactory to us. As previously announced, we expect to complete the refinancing process no later than April 2012.

The refinancing alternatives currently contemplated include an offering of new senior secured notes or the incurrence of new senior secured term loans, the net proceeds of which would be used, together with a portion of available cash, to refinance all outstanding term loans under the Senior Credit Facility and pay related fees and expenses. The Senior Credit Facility would be terminated.

The timing and structure of any transaction will depend on market conditions. No assurance can be given that we will successfully refinance the Senior Credit Facility before it becomes due or as to the terms or timing of any refinancing transaction, and we currently lack sufficient existing capital resources to repay it.

Any senior secured notes or other debt securities that may be offered are not expected to be registered under the Securities Act, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. This discussion shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, any debt securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

On January 21, 2011, we entered into an engagement letter agreement (the “Engagement Letter”) with Lazard Frères & Co. LLC (“Lazard”), to act as our investment banker in connection with exploring potential strategic transactions, including the refinancing of our existing Senior Credit Facility due June 10, 2012. Pursuant to the terms of the Engagement Letter, Lazard will be entitled to (i) fees upon the consummation of certain strategic transactions, (ii) fees in connection with services rendered under the Engagement Letter and (iii) reimbursement for expenses incurred in connection with its performance thereunder.

**11. NASDAQ Delisting Letter**

On September 15, 2011, we received a written deficiency notice (the “Notice”) from The Nasdaq Stock Market (“NASDAQ”), advising us that the market value of our Class A common stock for the previous 30 consecutive business days had been below the minimum $15,000,000 (“Market Value of Publicly Held Shares Requirement”) required for continued listing on the NASDAQ Global Market pursuant to NASDAQ Listing Rule 5450(b)(3)(C) (the “Rule”).

Pursuant to NASDAQ Listing Rule 5810(c)(3)(D), we have been provided an initial grace period of 180 calendar days, or until March 13, 2012, to regain compliance with the Rule. The Notice further provides that NASDAQ will provide written confirmation stating that we have achieved compliance with the Rule if at any time before March 13, 2012, the market value of our publicly held shares closes at $15,000,000 or more for a minimum of 10 consecutive business days. If we do not regain compliance with the Rule by March 13, 2012, NASDAQ will provide written notification to us that our Class A common stock is subject to delisting from the NASDAQ Global Market, at which time we will have an opportunity to appeal the determination to a NASDAQ Hearings Panel.

We intend to use all reasonable efforts to maintain the listing of our Class A common stock on the NASDAQ Global Market, but there can be no guarantee that we will regain compliance with the Market Value of Publicly Held Shares Requirement.

## Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

### Overview

We own and/or operate 21 radio stations in markets that reach approximately 42% of the Hispanic population in the U.S., including Puerto Rico. In addition, we own and operate three television stations and have various affiliation, distribution and/or programming agreements, which allow us to reach over 6.0 million households throughout the U.S., including Puerto Rico.

The success of each of our stations depends significantly upon its audience ratings and its share of the overall advertising revenue within its market. The broadcasting industry is a highly competitive business, but some barriers to entry do exist. Each of our stations competes with both Spanish-language and English-language stations in its market, as well as with other advertising media, such as newspapers, cable television, the Internet, magazines, outdoor advertising, satellite radio and television, transit advertising and direct mail marketing. Factors which are material to our competitive position include management experience, our stations' rank in their markets, signal strength and frequency, and audience demographics, including the nature of the Spanish-language market targeted by a particular station.

Our primary source of revenue is the sale of advertising time on our stations to local and national advertisers. Revenue is affected primarily by the advertising rates that our stations are able to charge, as well as the overall demand for advertising time in each respective market. Seasonal net broadcasting revenue fluctuations are common in the broadcasting industry and are primarily due to fluctuations in advertising demand from local and national advertisers. Typically for the broadcasting industry, the first calendar quarter generally produces the lowest revenue. Our most significant operating expenses are usually compensation expenses, programming expenses, professional fees, and advertising and promotional expenses. Senior management strives to control these expenses, as well as other expenses, by working closely with local station management and others, including vendors.

Our radio stations are located in six of the top-ten Hispanic markets of Los Angeles, New York, Puerto Rico, Chicago, Miami and San Francisco. Los Angeles and New York have the largest and second largest Hispanic populations, and are also the largest and second largest radio markets in the United States in terms of advertising revenue, respectively. We format the programming of each of our radio stations to capture a substantial share of the U.S. Hispanic audience in their respective markets. The U.S. Hispanic population is diverse, consisting of numerous identifiable groups from many different countries of origin and each with its own musical and cultural heritage. The music, culture, customs and Spanish dialects vary from one radio market to another. We strive to maintain familiarity with the musical tastes and preferences of each of the various Hispanic ethnic groups and customize our programming to match the local preferences of our target demographic audience in each market we serve. Our radio revenue is generated primarily from the sale of local and national advertising.

Our television stations and related affiliates operate under the "MegaTV" brand. We have created a unique television format which focuses on entertainment, current events and variety with high-quality production. Our programming is formatted to capture shares of the U.S. Hispanic audience by focusing on our core strengths as an "entertainment" company, thus offering a new alternative compared to the traditional Latino channels. MegaTV's programming is based on a strategy designed to showcase a combination of programs, ranging from televised radio-branded shows to general entertainment programs, such as music, celebrity, debate, interviews and personality based shows. As part of our strategy, we have incorporated certain of our on-air personalities into our programming, as well as including interactive elements to complement our Internet websites. We develop and produce more than 70% of our programming and obtain other content from Spanish-language production partners. Our television revenue is generated primarily from the sale of local advertising and paid programming.

As part of our operating business, we also operate LaMusica.com, Mega.tv, and our radio station websites which are bilingual (Spanish — English) websites providing content related to Latin music, entertainment, news and culture. LaMusica.com and our network of station websites generate revenue primarily from advertising and sponsorship. In addition, the majority of our station websites simultaneously stream our stations' content, which has broadened the audience reach of our radio stations. We also occasionally produce live concerts and events throughout the United States, including Puerto Rico.

**Comparison Analysis of the Operating Results for the Three-Months Ended September 30, 2011 and 2010**

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

| | Three-Months Ended September 30, | |
|---|---|---|
| | 2011 | 2010 |
| | (In thousands) | |
| **Net revenue:** | | |
| Radio | $ 31,970 | 30,468 |
| Television | 4,442 | 4,085 |
| Consolidated | $ 36,412 | 34,553 |
| **Engineering and programming expenses:** | | |
| Radio | $ 5,322 | 5,795 |
| Television | 3,411 | 4,174 |
| Consolidated | $ 8,733 | 9,969 |
| **Selling, general and administrative expenses:** | | |
| Radio | $ 10,492 | 10,628 |
| Television | 2,070 | 1,874 |
| Consolidated | $ 12,562 | 12,502 |
| **Corporate expenses:** | $ 1,647 | 1,331 |
| **Depreciation and amortization:** | | |
| Radio | $ 547 | 622 |
| Television | 739 | 569 |
| Corporate | 128 | 201 |
| Consolidated | $ 1,414 | 1,392 |
| **(Gain) loss on the disposal of assets, net:** | | |
| Radio | $ — | 23 |
| Television | — | — |
| Corporate | (8) | — |
| Consolidated | $ (8) | 23 |
| **Impairment charges and restructuring costs:** | | |
| Radio | $ — | — |
| Television | — | 43 |
| Corporate | — | 2,054 |
| Consolidated | $ — | 2,097 |
| **Operating income (loss):** | | |
| Radio | $ 15,609 | 13,400 |
| Television | (1,778) | (2,575) |
| Corporate | (1,767) | (3,586) |
| Consolidated | $ 12,064 | 7,239 |

The following summary table presents a comparison of our results of operations for the three-months ended September 30, 2011 and 2010. Various fluctuations in the table are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

| | Three-Months Ended September 30, | |
|---|---|---|
| | 2011 | 2010 |
| | (In thousands) | |
| Net revenue | $ 36,412 | 34,553 |
| Engineering and programming expenses | 8,733 | 9,969 |
| Selling, general and administrative expenses | 12,562 | 12,502 |
| Corporate expenses | 1,647 | 1,331 |
| Depreciation and amortization | 1,414 | 1,392 |
| (Gain) loss on disposal of assets, net of disposal costs | (8) | 23 |
| Impairment charges and restructuring costs | — | 2,097 |
| Operating income | $ 12,064 | 7,239 |
| Interest expense, net | (2,054) | (2,317) |
| Income tax expense | 1,220 | 1,844 |
| Net income | $ 8,790 | 3,078 |

***Net Revenue***

The increase in our consolidated net revenue of $1.9 million or 5% was due to the increases in both our radio and television segments. Our radio segment net revenue increased $1.5 million or 5%, primarily due to national and network sales. The increase in national sales occurred in all of our markets, with the exception of our San Francisco market. The increase in network sales occurred in all of our markets, with the exception of our Miami market. Our television segment net revenue increased $0.4 million or 9%, primarily due to increases in paid programming, barter and national spot sales, which were offset by decreases in local spot and integrated sales.

***Engineering and Programming Expenses***

The decrease in our consolidated engineering and programming expenses of $1.2 million or 12% was due to the decreases in both our television and radio segments. Our television segment expenses decreased $0.8 million or 18%, primarily related to a decrease in broadcasting rights fees in our Puerto Rico and New York outlets. Our Puerto Rico broadcasting rights were renegotiated, which caused a reversal of broadcasting rights fees that were expensed in prior periods. Also, we were able to terminate our programming agreement with our New York outlet, which eliminated its respective broadcasting rights fee. Our radio segment expenses decreased $0.4 million or 8%, primarily related to decreases in compensation and benefits for technical and programming personnel due to headcount reductions and music license fees.

***Selling, General and Administrative Expenses***

The increase in our consolidated selling, general and administrative expenses of $0.1 million or less than 1% was due to the increase in our television segment expenses. Our television segment expenses increased $0.2 million or 10%, primarily due to increases in commission expense and professional fees. Our radio segment expenses decreased $0.1 million or 1%, mainly due to a decrease in special events expenses.

***Corporate Expenses***

The increase in corporate expenses was primarily a result of increases in compensation and benefits and professional fees, offset by a decrease in rent expense related to the subleases entered in 2010.

***Operating Income***

The increase in operating income was mainly due to the increase in net revenue and decreases in impairment charges and restructuring costs and operating expenses.

***Interest Expense, Net***

The decrease in interest expense was mainly due to the decreases of our Senior Credit Facility's LIBOR interest rate and its outstanding balance.

***Income Taxes***

The decrease in income tax expense was primarily a result of the decrease in our FCC broadcasting licenses tax amortization.

***Net Income***

The increase in net income was primarily due to the increase in operating income and decreases in interest expense and income tax expense.

**Comparison Analysis of the Operating Results for the Nine-Months Ended September 30, 2011 and 2010**

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

| | Nine-Months Ended September 30, | |
|---|---|---|
| | 2011 | 2010 |
| | (In thousands) | |
| **Net revenue:** | | |
| Radio | 89,633 | 89,371 |
| Television | 13,181 | 11,865 |
| Consolidated | 102,814 | 101,236 |
| **Engineering and programming expenses:** | | |
| Radio | 17,010 | 17,269 |
| Television | 11,498 | 12,565 |
| Consolidated | 28,508 | 29,834 |
| **Selling, general and administrative expenses:** | | |
| Radio | 30,264 | 30,583 |
| Television | 6,434 | 5,540 |
| Consolidated | 36,698 | 36,123 |
| **Corporate expenses:** | 5,590 | 5,806 |
| **Depreciation and amortization:** | | |
| Radio | 1,710 | 2,008 |
| Television | 1,889 | 1,695 |
| Corporate | 411 | 691 |
| Consolidated | 4,010 | 4,394 |
| **(Gain) loss on the disposal of assets, net:** | | |
| Radio | (9) | 23 |
| Television | — | 8 |
| Corporate | (8) | — |
| Consolidated | (17) | 31 |
| **Impairment charges and restructuring costs:** | | |
| Radio | — | — |
| Television | — | 43 |
| Corporate | 207 | 2,054 |
| Consolidated | 207 | 2,097 |
| **Operating income (loss):** | | |
| Radio | 40,658 | 39,488 |
| Television | (6,640) | (7,986) |
| Corporate | (6,200) | (8,551) |
| Consolidated | 27,818 | 22,951 |

The following summary table presents a comparison of our results of operations for the nine-months ended September 30, 2011 and 2010. Various fluctuations in the table are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

| | Nine-Months Ended September 30, | |
|---|---|---|
| | 2011 | 2010 |
| | (In thousands) | |
| Net revenue | $ 102,814 | 101,236 |
| Engineering and programming expenses | 28,508 | 29,834 |
| Selling, general and administrative expenses | 36,698 | 36,123 |
| Corporate expenses | 5,590 | 5,806 |
| Depreciation and amortization | 4,010 | 4,394 |
| (Gain) loss on disposal of assets, net of disposal costs | (17) | 31 |
| Impairment charges and restructuring costs | 207 | 2,097 |
| Operating income | $ 27,818 | 22,951 |
| Interest expense, net | (6,114) | (11,743) |
| Change in fair value of derivative instrument | — | 5,863 |
| Income tax expense | 4,160 | 5,390 |
| Net income | $ 17,544 | 11,681 |

***Net Revenue***

The increase in our consolidated net revenue of $1.6 million or 2% was due to the increases in both our television and radio segments. Our television segment net revenue increased $1.3 million or 11%, primarily due to increases in national spot sales and paid programming sales, offset by a decrease in local spot sales. Our radio segment net revenue increased $0.3 million or less than 1%, primarily due to national and network sales, offset by a decrease in local sales. The increase in national sales occurred in our New York, Chicago and Puerto Rico markets. The increase in network sales occurred in all of our markets. The decrease in local sales occurred in all of our markets, with the exception of our New York and Puerto Rico markets.

***Engineering and Programming Expenses***

The decrease in our consolidated engineering and programming expenses of $1.3 million or 4% was due to the decreases in both our television and radio segments. Our television segment expenses decreased $1.1 million or 8%, primarily due to a decrease in broadcasting rights fees for our Puerto Rico and New York outlets, offset by an increase in original produced programming. Our Puerto Rico broadcasting rights were renegotiated, which caused a reversal of broadcasting rights fees that were expensed in prior periods. Also, we were able to terminate our programming agreement with our New York outlet, which eliminated its respective broadcasting rights fee. Our radio segment expenses decreased $0.2 million or 1%, primarily related to decreases in compensation and benefits for technical and programming personnel due to headcount reductions and music license fees, offset by an increase in legal settlements.

***Selling, General and Administrative Expenses***

The increase in our consolidated selling, general and administrative expenses of $0.6 million or 2% was due to the increase in our television segment expenses. Our television segment expenses increased $0.9 million or 16%, primarily due to increases in promotions, professional fees and commissions. Our radio segment expenses decreased $0.3 million or 1%, mainly due to a decrease in national and local commissions, offset by increases in special events expenses, allowance for doubtful accounts expense and rating expense.

***Corporate Expenses***

The decrease in corporate expenses was primarily a result of a decrease in rent expense related to the subleases entered in 2010, offset by an increase in professional fees related to our potential refinancing.

***Impairment Charges and Restructuring Costs***

The impairment charges and restructuring costs are related to an impairment charge recognized on the sublease of our corporate office space.

***Operating Income***

The increase in operating income was mainly due to the increase in net revenue and the decreases in impairment charges and restructuring costs, operating expenses and corporate expenses.

***Interest Expense, Net***

The decrease in interest expense was mainly due to the decreases of our Senior Credit Facility's LIBOR interest rate and its outstanding balance.

***Income Taxes***

The decrease in income tax expense was primarily a result of the decrease in our FCC broadcasting licenses tax amortization.

***Net Income***

The increase in net income was primarily due to the increase in operating income and decreases in interest expense, income taxes and change in the fair value of derivative instrument.

**Liquidity and Capital Resources**

Our primary sources of liquidity are cash and cash equivalents ($63.5 million as of September 30, 2011) and cash expected to be provided by operations. Our cash flow from operations is subject to such factors as overall advertising demand, shifts in population, station listenership and viewership, demographics, audience tastes and fluctuations in preferred advertising media. Our ability to raise funds by increasing our indebtedness is limited by the terms of the certificates of designation governing our Series B preferred stock and the credit agreement governing our Senior Credit Facility. Additionally, our certificates of designation and credit agreement each place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, capital expenditures, transactions with affiliates, and consolidations and mergers, among other things.

Our strategy is to primarily utilize cash flows from operations to meet our capital needs and contractual obligations. Management continually projects anticipated cash requirements and believes that cash from operating activities, together with cash on hand, should be sufficient to permit us to meet our operating obligations over the next twelve month period.

We are seeking refinancing of our Senior Credit Facility and believe that we will be able to do so on terms that are satisfactory to us. We expect to complete this process no later than April 2012. No assurance can be given that we will successfully refinance the Senior Credit Facility before it becomes due and we lack sufficient existing capital resources to repay it.

The refinancing alternatives currently contemplated include an offering of new senior secured notes or the incurrence of new senior secured term loans, the net proceeds of which would be used, together with a portion of available cash, to refinance all outstanding term loans under the Senior Credit Facility and pay related fees and expenses. The Senior Credit Facility would be terminated. The timing and structure of any transaction will depend on market conditions.

Any senior secured notes or other debt securities that may be offered are not expected to be registered under the Securities Act, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. This discussion shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, any debt securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Disruptions in the capital and credit markets may result in increased borrowing costs associated with our short-term and long-term debt. Assumptions (none of which can be assured) that underlie management's beliefs include the following:

- the demand for advertising within the broadcasting industry and economic conditions in general will not deteriorate further in any material respect;
- we will continue to successfully implement our business strategy; and
- we will not incur any material unforeseen liabilities, including but not limited to taxes, environmental liabilities, regulatory matters and legal judgments.

We evaluate strategic media acquisitions and/or dispositions and strive to expand our media content through distribution and affiliations in order to achieve a significant presence with clusters of stations in the top U.S. Hispanic markets. We engage in discussions regarding potential acquisitions and/or dispositions and expansion of our content through media outlets from time to time in the ordinary course of business. We anticipate that any future acquisitions would be financed through funds generated from permitted debt financing, equity financing, operations, asset sales or a combination of these or other available sources. However, there can be no assurance that financing from any of these sources, if necessary and available, can be obtained on favorable terms for future acquisitions.

The following summary table presents a comparison of our capital resources for the nine-months ended September 30, 2011 and 2010 with respect to certain key measures affecting our liquidity. The changes set forth in the table are discussed below. This section should be read in conjunction with the unaudited condensed consolidated financial statements and notes.

| | Nine-Months Ended September 30, | | Change |
|---|---|---|---|
| | 2011 | 2010 | $ |
| | (In thousands) | | |
| Capital expenditures: | | | |
| Radio | $ 720 | 619 | 101 |
| Television | 1,658 | 372 | 1,286 |
| Corporate | 126 | 266 | (140) |
| Consolidated | $ 2,504 | 1,257 | 1,247 |
| Net cash flows provided by operating activities | $ 24,050 | 19,761 | 4,289 |
| Net cash flows used in investing activities | (10,474) | (1,257) | (9,217) |
| Net cash flows used in financing activities | (5,264) | (20,266) | 15,002 |
| Net increase (decrease) in cash and cash equivalents | $ 8,312 | (1,762) | |

***Capital Expenditures***

The increase in our capital expenditures is primarily related to the build out of our Puerto Rico television studios and the relocation of a radio transmitter site in our San Francisco market.

***Net Cash Flows Provided by Operating Activities***

Changes in our net cash flows from operating activities were primarily a result of the increase in sales and cash collected from trade sales, offset by an increase in cash paid to vendors.

***Net Cash Flows Used in Investing Activities***

Changes in our net cash flows from investing activities were a result of the increase in our capital expenditures and the acquisition of Houston television station KTBU-TV and its related equipment.

***Net Cash Flows Used in Financing Activities***

Changes in our net cash flows from financing activities were a result of the prior year $15.0 million repayment of our Senior Credit Facility Revolver.

**Recent Developments**

***Refinancing of our Senior Credit Facility due 2012***

We continue to explore alternatives for the refinancing of our Senior Credit Facility and believe that we will be able to refinance that facility on terms that are satisfactory to us. As previously announced, we expect to complete the refinancing process no later than April 2012.

The refinancing alternatives currently contemplated include an offering of new senior secured notes or the incurrence of new senior secured term loans, the net proceeds of which would be used, together with a portion of available cash, to refinance all outstanding term loans under the Senior Credit Facility and pay related fees and expenses. The Senior Credit Facility would be terminated.

The timing and structure of any transaction will depend on market conditions. No assurance can be given that we will successfully refinance the Senior Credit Facility before it becomes due or as to the terms or timing of any refinancing transaction, and we currently lack sufficient existing capital resources to repay it.

Any senior secured notes or other debt securities that may be offered are not expected to be registered under the Securities Act, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. This discussion shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, any debt securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

On January 21, 2011, we entered into the Engagement Letter with Lazard, to act as our investment banker in connection with exploring potential strategic transactions, including the refinancing of our existing Senior Credit Facility due June 10, 2012. Pursuant to the terms of the Engagement Letter, Lazard will be entitled to (i) fees upon the consummation of certain strategic transactions, (ii) fees in connection with services rendered under the Engagement Letter and (iii) reimbursement for expenses incurred in connection with its performance thereunder.

***NASDAQ Delisting Letter***

On September 15, 2011, we received a written deficiency notice from NASDAQ, advising us that the market value of our Class A common stock for the previous 30 consecutive business days had been below the minimum $15,000,000 required for continued listing on the NASDAQ Global Market pursuant to NASDAQ Listing Rule 5450(b)(3)(C).

Pursuant to NASDAQ Listing Rule 5810(c)(3)(D), we have been provided an initial grace period of 180 calendar days, or until March 13, 2012, to regain compliance with the Rule. The Notice further provides that NASDAQ will provide written confirmation stating that we have achieved compliance with the Rule if at any time before March 13, 2012, the market value of our publicly held shares closes at $15,000,000 or more for a minimum of 10 consecutive business days. If we do not regain compliance with the Rule by March 13, 2012, NASDAQ will provide written notification to us that our Class A common stock is subject to delisting from the NASDAQ Global Market, at which time we will have an opportunity to appeal the determination to a NASDAQ Hearings Panel.

We intend to use all reasonable efforts to maintain the listing of our Class A common stock on the NASDAQ Global

Market, but there can be no guarantee that we will regain compliance with the Market Value of Publicly Held Shares Requirement.

***Acquisition of Houston Television Station***

On August 1, 2011, through our wholly-owned subsidiaries, Mega Media Holdings, Inc. and KTBU Licensing, Inc., we completed the acquisition of certain assets, including licenses, permits and authorizations issued by the FCC used in or related to the operation of television station KTBU-TV (Digital 42 (Virtual Channel 55)) in Conroe, Texas, pursuant to the Purchase Agreement with Channel 55/42 Operating, LP, a Texas limited partnership, USFR Tower Operating, LP, a Texas limited partnership, Humanity Interested Media, L.P., a Texas limited partnership, USFR Equity Drive Property LLC, a Texas limited partnership, and US Farm & Ranch Supply Company, Inc., a Texas corporation ("USFR"). On August 1, 2011, Mega TV programming debuted on KTBU-TV, which serves the Houston area.

In connection with the closing, we paid an aggregate purchase price equal to $16.0 million, consisting of (i) cash in the amount of $8.0 million and (ii) a thirty-six month, secured promissory note in the principal amount of $8.0 million, bearing a fixed interest rate of 6%.

We allocated the total cost of the purchase price of KTBU-TV based on the fair value of the assets acquired as follows: $10.4 million for FCC licenses, $4.5 million for property and equipment, and $1.1 million for other intangible assets.

In addition, as part of the television station acquisition, we entered into a lease agreement with USFR Equity Drive Property LLC. The lease agreement covers approximately 30,000 square feet of space in Houston, Texas and specified furnishings and broadcasting equipment. The lease has an initial term of 10 years, subject to two 5-year extensions at our option, and is terminable at any time by us on not less than 180 days prior notice. The lease also provides us with an option to purchase the property and the furnishings and equipment for a purchase price of $4 million if the purchase occurs during the first 12 months of the lease term, increasing by 2.5% annually during each successive 12-month period of the lease term.

***Reverse Stock Split of our Class A and Class B Common Stock***

On July 5, 2011, we filed the Certificate of Amendment with the Secretary of State of the State of Delaware, which effected a one-for-ten (1-for-10) reverse stock split of our outstanding Class A common stock, and Class B common stock. The reverse stock split became effective at 11:59p.m., Eastern Daylight Time on July 11, 2011.

The reverse stock split was approved by our stockholders at the annual meeting held on June 1, 2011. The trading of our common stock on the NASDAQ Global Market on a split-adjusted basis began at the opening of trading on July 12, 2011, at which time the symbol changed to SBSAD to indicate that the reverse stock split had occurred. The symbol returned to the normal SBSA at the open of the market on August 9, 2011.

As a result of the reverse stock split, each ten (10) outstanding shares of pre-split common stock automatically combined into one (1) share of post-split common stock. No fractional shares were issued. Proportional adjustments were made to our outstanding stock, stock options and other equity awards and to our equity compensation plans to reflect the reverse stock split. The condensed consolidated financial statements for current and prior periods have been adjusted to reflect the change in number of shares.

***Dividend Payment on the Series B Preferred Stock***

Under the terms of our Series B preferred stock, the holders of the outstanding shares of the Series B preferred stock are entitled to receive, when, as and if declared by the Board of Directors, dividends on the Series B preferred stock at a rate of 10¾% per year, of the $1,000 liquidation preference per share, payable quarterly.

In determining whether to declare and pay any prior or future cash dividends, our Board of Directors will consider management's recommendation, our financial condition, as well as whether, under Delaware law, sufficient surplus or net profits exist to pay such dividends.

On April 5, 2011, the Board of Directors declared a cash dividend for the dividend due April 15, 2011 to the holders of the Company's 10 3/4 % Series B Cumulative Exchangeable Redeemable Preferred Stock of record as of April 1, 2011. The cash dividend of $26.875 per share was paid in cash on April 15, 2011.

Our Board of Directors, under management's recommendation, determined that based on the circumstances at the time, among other things, the then current economic environment and future cash requirements of the Company, it was not prudent to declare or pay the October 15, 2011, July 15, 2011 or the January 15, 2011 dividend.

Our Board of Directors has not yet determined whether to pay the scheduled January 15, 2012 dividend.

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

### Item 4. *Controls and Procedures*

*Evaluation Of Disclosure Controls And Procedures.* Our management, including our principal executive and financial officers, have conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act, to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and financial officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

*Changes In Internal Control Over Financial Reporting.* There has been no change in our internal control over financial reporting during the fiscal quarter ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. *Legal Proceedings*

The information set forth under Note 7 contained in the "Notes to Unaudited Condensed Consolidated Financial Statements" of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this Item.

**Item 6.** ***Exhibits***

***(a) Exhibits***

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein:

| Exhibit Number | Exhibit Description |
|---|---|
| 3.1 | Certificate of Amendment of Certificate of Incorporation of Spanish Broadcasting System, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on July 11, 2011). |
| 10.1 | Amendment to Employment Agreement dated April 19, 2011 by and between Spanish Broadcasting System, Inc. and Joseph A. Garcia (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on August 12, 2011). |
| 10.2 | Asset Purchase Agreement, dated as of May 2, 2011, among Spanish Broadcasting System, Inc., Channel 55/42 Operating, LP, USFR Tower Operating, LP, Humanity Interested Media, L.P., USFR Equity Drive Property LLC and US Farm & Ranch Supply Company, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on May 6, 2011). |
| 10.3 | Amendment to the Asset Purchase Agreement, dated as of July 19, 2011, among Spanish Broadcasting System, Inc., Channel 55/42 Operating, LP, USFR Tower Operating, LP, Humanity Interested Media, L.P., USFR Equity Drive Property LLC and US Farm & Ranch Supply Company, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on August 12, 2011). |
| 31.1* | Chief Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Chief Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Chief Executive Officer's Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Chief Financial Officer's Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101. SCH | XBRL Taxonomy Extension Scheme Document |
| 101. CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101. DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101. LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101. PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

* Filed herewith

** Furnished herewith

**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.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ JOSEPH A. GARCÍA
JOSEPH A. GARCÍA
*Chief Financial Officer,*
*Chief Administrative Officer, Senior*
*Executive Vice President and Secretary*
*(principal financial and accounting officer*
*and duly authorized officer of the registrant)*

Date: November 10, 2011

## EXHIBIT INDEX

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* Filed herewith

** Furnished herewith

**Exhibit 31.1**

**CERTIFICATION**

I, Raúl Alarcón, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spanish Broadcasting System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RAÚL ALARCÓN, JR.
Name: Raúl Alarcón, Jr.
Title: Chairman of the Board of Directors,
Chief Executive Officer and President

Date: November 10, 2011

**Exhibit 31.2**

**CERTIFICATION**

I, Joseph A. García, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spanish Broadcasting System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH A. GARCÍA

Name: Joseph A. García
Title: Chief Financial Officer,
Chief Administrative Officer,
Senior Executive Vice President and Secretary

Date: November 10, 2011

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Spanish Broadcasting System, Inc. (the “Company”) for the quarterly period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Raúl Alarcón, Jr., Chairman of the Board of Directors, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RAÚL ALARCÓN, JR.
Name: Raúl Alarcón, Jr.
Title: Chairman of the Board of Directors,
President and Chief Executive Officer

Date: November 10, 2011

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Spanish Broadcasting System, Inc. (the “Company”) for the quarterly period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph A. García, Chief Financial Officer, Executive Vice President and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH A. GARCÍA
Name: Joseph A. García
Title: Chief Financial Officer,
Chief Administrative Officer,
Senior Executive Vice President and Secretary

Date: November 10, 2011