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 June 30, 2013

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.)**

7007 NW 77th Ave.
Miami, Florida 33166
(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 August 14, 2013, 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.

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 (as amended by our Amendment No. 1 on Form 10-K/A) for the year ended December 31, 2012, 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

	June 30, 2013	December 31, 2012
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 24,166	26,660
Receivables, net of allowance for doubtful accounts of $1,312 in 2013 and $1,592 in 2012	27,637	26,423
Prepaid expenses and other current assets	4,845	2,161
Total current assets	56,648	55,244
Property and equipment, net of accumulated depreciation of $63,118 in 2013 and $61,089 in 2012	36,409	38,014
FCC broadcasting licenses	323,055	323,055
Goodwill	32,806	32,806
Other intangible assets, net of accumulated amortization of $773 in 2013 and $642 in 2012	1,775	1,906
Deferred financing costs, net of accumulated amortization of $4,681 in 2013 and $3,015 in 2012	12,935	14,601
Other assets	1,031	1,792
Total assets	$ 464,659	467,418
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 16,924	16,275
Accrued interest	7,498	7,339
Unearned revenue	449	527
Other liabilities	590	669
Current portion of other long-term debt	3,007	3,009
Series B cumulative exchangeable redeemable preferred stock dividends payable	31,851	29,369
Total current liabilities	60,319	57,188
Other liabilities, less current portion	614	802
Derivative instrument	678	816
12.5% senior secured notes due 2017, net of unamortized discount of $6,550 in 2013 and $7,194 in 2012	268,450	267,806
Other long-term debt, less current portion	8,093	8,262
Deferred income taxes	86,314	86,049
Total liabilities	424,468	420,923
Commitments and contingencies (note 6)		
Cumulative exchangeable redeemable preferred stock:		
10 3/4% Series B cumulative exchangeable redeemable preferred stock, $0.01 par value, liquidation value $1,000 per share. Authorized 280,000 shares; 92,349 shares issued and outstanding at June 30, 2013 and December 31, 2012	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 June 30, 2013 and December 31, 2012	4	4
Class A common stock, $0.0001 par value. Authorized 100,000,000 shares; 4,166,991 shares issued and outstanding at June 30, 2013 and December 31, 2012	—	—
Class B common stock, $0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at June 30, 2013 and December 31, 2012	—	—
Additional paid-in capital	525,306	525,281
Accumulated other comprehensive loss	(678)	(816)
Accumulated deficit	(576,790)	(570,323)
Total stockholders' deficit	(52,158)	(45,854)
Total liabilities and stockholders' deficit	$ 464,659	467,418

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations
and Comprehensive Income (Loss)

	Three-Months Ended June 30,		Six-Months Ended June 30	
	2013	2012	2013	2012
	(In thousands, except per share data)			
Net revenue	$ 36,067	34,611	75,170	66,705
Operating expenses:				
Engineering and programming	6,244	7,615	13,747	16,019
Selling, general and administrative	14,504	13,894	34,014	28,900
Corporate expenses	2,612	1,636	5,042	3,988
Depreciation and amortization	1,316	1,304	2,674	2,757
	24,676	24,449	55,477	51,664
(Gain) loss on the disposal of assets, net	(9)	(5)	(22)	(5)
Impairment charges and restructuring costs	25	368	1,025	424
Operating income	11,375	9,799	18,690	14,622
Other (expense) income:				
Interest expense, net	(9,939)	(9,844)	(19,870)	(16,682)
Loss on early extinguishment of debt	—	—	—	(391)
Income (loss) before income taxes	1,436	(45)	(1,180)	(2,451)
Income tax expense	186	256	323	1,513
Net income (loss)	1,250	(301)	(1,503)	(3,964)
Dividends on Series B preferred stock	(2,482)	(2,482)	(4,964)	(4,964)
Net loss applicable to common stockholders	$ (1,232)	(2,783)	(6,467)	(8,928)
Basic and Diluted net loss per common share	$ (0.17)	(0.38)	(0.89)	(1.23)
Weighted average common shares outstanding:				
Basic and Diluted	7,267	7,267	7,267	7,267
Net income (loss)	$ 1,250	(301)	(1,503)	(3,964)
Other comprehensive income (loss), net of taxes-unrealized gain (loss) on derivative instrument	89	(32)	138	(117)
Total comprehensive income (loss)	$ 1,339	(333)	(1,365)	(4,081)

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
for the Six-Months Ended June 30, 2013

	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, 2012	380,000	$ 4	4,166,991	$ —	2,340,353	$ —	$ 525,281	$ (816)	$ (570,323)	$ (45,854)
Stock-based compensation	—	—	—	—	—	—	25	—	—	25
Series B preferred stock dividends	—	—	—	—	—	—	—	—	(4,964)	(4,964)
Net loss	—	—	—	—	—	—	—	—	(1,503)	(1,503)
Other comprehensive income	—	—	—	—	—	—	—	138	—	138
Balance at June 30, 2013	380,000	$ 4	4,166,991	$ —	2,340,353	$ —	$ 525,306	$ (678)	$ (576,790)	$ (52,158)

See accompanying notes to the unaudited condensed consolidated financial statements

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

	Six-Months Ended June 30, 2013	Six-Months Ended June 30, 2012
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (1,503)	(3,964)
Adjustments to reconcile net loss to net cash provided by operating activities:		
(Gain) loss on the disposal of assets	(22)	(5)
Impairment charges	1,025	338
Stock-based compensation	25	28
Depreciation and amortization	2,674	2,757
Net barter (income) loss	(148)	55
Provision for trade doubtful accounts	185	251
Loss on early extinguishment of debt	—	391
Amortization of deferred financing costs	1,666	1,465
Amortization of original issued discount	644	454
Deferred income taxes	265	1,462
Unearned revenue	20	104
Changes in operating assets and liabilities:		
Trade receivables	(1,349)	(2,033)
Prepaid expenses and other current assets	(2,684)	987
Other assets	(239)	14
Accounts payable and accrued expenses	607	(1,066)
Accrued interest	159	7,366
Other liabilities	(206)	(105)
Net cash provided by operating activities	1,119	8,499
Cash flows from investing activities:		
Purchases of property and equipment	(992)	(734)
Proceeds from the sale of property and equipment and/or insurance proceeds received	32	5
Net cash used in investing activities	(960)	(729)
Cash flows from financing activities:		
Proceeds from 12.5% senior secured notes due 2017	—	266,750
Payment of financing costs	—	(17,510)
Payment of senior secured credit facility term loan due 2012	—	(303,063)
Payment of Series B preferred stock cash dividends	(2,482)	(2,482)
Payments of other long-term debt	(171)	(203)
Net cash used in financing activities	(2,653)	(56,508)
Net decrease in cash and cash equivalents	(2,494)	(48,738)
Cash and cash equivalents at beginning of period	26,660	71,266
Cash and cash equivalents at end of period	$ 24,166	22,528
Supplemental cash flows information:		
Interest paid	$ 17,381	7,369
Income taxes paid, net	$ —	23
Noncash investing and financing activities:		
Accrual of Series B preferred stock cash dividends not declared	$ 2,482	2,482
Unrealized gain (loss) on derivative instruments	$ 138	(117)

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 June 30, 2013 and December 31, 2012 and for the three- and six-month periods ended June 30, 2013 and 2012 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, 2012, included in our Annual Report on Form 10-K (as amended by our Amendment No. 1 on Form 10-K/A) for the fiscal year ended December 31, 2012. 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 June 30, 2013 through the financial statements issuance date. The results of operations for the six-months ended June 30, 2013 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 changes in advertising spending levels have combined to increase the uncertainty inherent in such estimates and assumptions. Actual results could differ from these estimates.

2. Stockholders' Deficit

(a) 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 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.

(b) 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 have 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.

(c) 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.

Stock Options 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, 2012 and June 30, 2013, and changes during the six-months ended June 30, 2013, 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, 2012	142	$ 40.61		
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Outstanding at June 30, 2013	142	$ 40.61	$ 40	4.4
Exercisable at June 30, 2013	140	$ 40.77	$ 40	4.4

During the six-months ended June 30, 2013 and 2012, 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 June 30, 2013 (in thousands, except per share data):

	Outstanding				Exercisable	
Range of Exercise Prices	Vested Options	Unvested Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price
$1.03 – 49.99	91	1	$ 13.31	6.1	91	$ 13.26
50.00 – 99.99	36	—	84.34	1.3	36	84.34
100.00 – 117.80	14	—	111.06	1.2	14	111.06
	141	1	$ 40.61	4.4	141	$ 40.77

(d) Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss is comprised of accumulated gains and losses on a derivative instrument (interest rate swap) that qualifies for cash flow hedge treatment. Our total comprehensive income (loss) consists of our net income (loss) and a gain (loss) on our interest rate swap for the respective periods. The gain (loss) on the interest rate swap is shown net of taxes; however, there is no tax effect as a result of a full deferred tax asset valuation allowance related to the interest rate swap. For the respective periods, there has been no other comprehensive (loss) income reclassified to net loss.

3. Basic and Diluted Net (Loss) Income Per Common Share

Basic net (loss) income per common share was computed by dividing net (loss) 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 (loss) income per common share is computed by giving effect to common stock equivalents as if they were outstanding for the entire period.

The following is a reconciliation of the shares used in the computation of basic and diluted net income per share for the three- and six-month periods ended June 30, 2013 and 2012 (in thousands):

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2013	2012	2013	2012
Basic weighted average shares outstanding	7,267	7,267	7,267	7,267
Effect of dilutive equity instruments	—	—	—	—
Dilutive weighted average shares outstanding	7,267	7,267	7,267	7,267
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	133	125	132	124

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:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)		(In thousands)	
Net revenue:				
Radio	$ 32,247	30,288	65,206	58,066
Television	3,820	4,323	9,964	8,639
Consolidated	$ 36,067	34,611	75,170	66,705
Engineering and programming expenses:				
Radio	$ 4,605	4,422	9,709	9,729
Television	1,639	3,193	4,038	6,290
Consolidated	$ 6,244	7,615	13,747	16,019
Selling, general and administrative expenses:				
Radio	$ 12,453	11,572	28,039	24,530
Television	2,051	2,322	5,975	4,370
Consolidated	$ 14,504	13,894	34,014	28,900
Corporate expenses:	$ 2,612	1,636	5,042	3,988
Depreciation and amortization:				
Radio	$ 481	526	992	1,077
Television	761	666	1,535	1,446
Corporate	74	112	147	234
Consolidated	$ 1,316	1,304	2,674	2,757
(Gain) loss on the disposal of assets, net:				
Radio	$ (9)	(5)	(9)	(5)
Television	—	—	—	—
Corporate	—	—	(13)	—
Consolidated	$ (9)	(5)	(22)	(5)
Impairment charges and restructuring costs:				
Radio	$ 86	71	86	71
Television	—	11	1,000	11
Corporate	(61)	286	(61)	342
Consolidated	$ 25	368	1,025	424
Operating income (loss):				
Radio	$ 14,631	13,702	26,389	22,664
Television	(631)	(1,869)	(2,584)	(3,478)
Corporate	(2,625)	(2,034)	(5,115)	(4,564)
Consolidated	$ 11,375	9,799	18,690	14,622
Capital expenditures:				
Radio	$ 537	75	610	267
Television	155	191	271	356
Corporate	83	104	111	111
Consolidated	$ 775	370	992	734

	June 30, 2013	December 31, 2012
	(In thousands)	
Total Assets:		
Radio	$ 392,323	392,523
Television	56,843	58,301
Corporate	15,493	16,594
Consolidated	$ 464,659	467,418

5. Income Taxes

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 due to the reversal of our deferred tax liabilities related to the tax amortization of our FCC broadcasting licenses and 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 2009 through 2012. The tax years that remain subject to assessment of additional liabilities by the Puerto Rico tax authority are 2008 through 2012.

Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our consolidated financial statements as of June 30, 2013 and December 31, 2012.

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6. Commitments and Contingencies

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 our opinion, we do not have a potential liability related to any current legal proceedings and claims that would individually or in the aggregate have a material adverse effect on our financial condition or operating results. However, the results of legal proceedings cannot be predicted with certainty. 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.

Litigation-Lehman and T. Rowe Price Complaints

On February 14, 2013, Lehman Brothers Holdings Inc. ("LBHI") brought a claim against us in the Delaware Court of Chancery (the "Court") seeking, among other things, a declaratory judgment that as a result of non-payment of dividends, a Voting Rights Triggering Event had occurred pursuant to the Certificate of Designations for the Series B Preferred Stock (the "Certificate of Designations") no later than July 15, 2010. LBHI alleges that as a result, we were prohibited from incurring indebtedness but did so for the purposes of purchasing assets relating to our Houston television station and the issuance of our 12.5% Senior Secured Notes due 2017. LBHI also seeks an award of unspecified contract damages. We filed a motion to dismiss the LBHI complaint on March 11, 2013. On April 25, 2013, LBHI filed an opposition to our motion to dismiss and a motion for partial summary judgment. We filed a reply in further support of our motion to dismiss and in opposition to LBHI's motion for partial summary judgment on May 10, 2013. A hearing on the parties' motions was held on May 20, 2013, at which the Court requested further briefing on cross-motions for summary judgment. Additionally, on June 17, 2013, T. Rowe Price High Yield Fund, Inc., T. Rowe Price Institutional High Yield Fund, T. Rowe Price Funds SICAV-Global High Yield Bond Fund and T. Rowe Price Small-Cap Value Fund, Inc. (collectively "T. Rowe Price") brought a claim against us making allegations substantially similar to those made by LBHI previously, except with an additional claim for breach of the implied covenant of good faith and fair dealing.

We deny the allegations contained in the LBHI and T. Rowe Price complaints and, to the contrary, assert that we have been and continue to be in full and complete compliance with all of our obligations under the Certificate of Designations, as fully disclosed in our public filings. Accordingly, we believe that the allegations and claims are frivolous and wholly without merit, and we intend to contest them vigorously.

7. Fair Value Measurement Disclosures

Fair Value of Financial Instruments

Cash and cash equivalents, receivables, as well as accounts payable and accrued expenses, and other current liabilities, as reflected in the consolidated financial statements, approximate fair value because of the short-term maturity of these instruments and are considered Level 1 measurements within the fair value hierarchy.

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 fair value of the senior secured notes are estimated using market quotes from a major financial institution taking into consideration the most recent activity and are considered Level 2 measurements within the fair value hierarchy. The fair value of the Series B cumulative exchangeable redeemable preferred stock and the promissory notes payable were based upon either: (a) unobservable market quotes from a major financial institution taking into consideration the most recent activity or (b) discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

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

Description	Fair Value Hierarchy	June 30, 2013 Carrying Amount	June 30, 2013 Fair Value	December 31, 2012 Carrying Amount	December 31, 2012 Fair Value
12.5% senior secured notes due 2017	Level 2	$ 268.5	292.1	267.8	289.1
10 3/4% Series B cumulative exchangeable redeemable preferred stock	Level 3	92.3	69.3	92.3	46.2
Promissory note payable, included in other long-term debt	Level 3	5.7	4.5	5.8	4.4
Promissory note payable, included in other long-term debt	Level 3	5.3	5.5	5.3	5.2

Fair Value of Derivative Instruments

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

		Fair value measurements at June 30, 2013		
		Liabilities		
Description	June 30, 2013 carrying value and balance sheet location of derivative instruments	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	$ 678	—	678	—

		Fair value measurements at December 31, 2012		
		Liabilities		
Description	December 31, 2012 carrying value and balance sheet location of derivative instruments	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	$ 816	—	816	—

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. There were no transfers between Levels during the three- and six-month periods ended June 30, 2013 and 2012, respectively.

	Three-Months Ended June 30,		Six-Months Ended June 30,	
Interest rate swaps	2013	2012	2013	2012
Gain (loss) recognized in other comprehensive loss (effective portion)	$ 89	(32)	138	(117)

8. Derivative Instrument and Hedging Activity

On January 4, 2007, in connection with a promissory note issued for the acquisition of a building, we entered into a ten-year interest rate swap agreement for the original notional principal amount of $7.7 million whereby we will pay a fixed interest rate of 6.31%, as compared to interest at a floating rate equal to one-month LIBOR plus 125 basis points. The interest rate swap amortization schedule is identical to the promissory note amortization schedule, which has an effective date of January 4, 2007, monthly notional reductions and an expiration date of January 4, 2017.

Our interest rate swap is governed by a master netting arrangement, which is required to be disclosed as a balance sheet offsetting item as follows:

	As of June 30, 2013					
				Gross amounts not offset in the balance sheet		
Description	Gross amounts of recognized liabilities	Gross amounts offset in the balance sheet	Net amounts of liabilities presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Interest rate swap....................	678	—	678	678	—	—

	As of December 31, 2012					
				Gross amounts not offset in the balance sheet		
Description	Gross amounts of recognized liabilities	Gross amounts offset in the balance sheet	Net amounts of liabilities presented in the balance sheet	Financial Instruments	Cash collateral received	Net amount
Interest rate swap	816	—	816	816	—	—

9. 12.5% Senior Secured Notes due 2017

On February 7, 2012 we closed our offering of $275 million in aggregate principal amount of 12.5% senior secured notes due 2017 (the Notes) at an issue price of 97% of the principal amount. The Notes were offered solely by means of a private placement either to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act, or to certain persons outside the United States pursuant to Regulation S under the Securities Act, as amended. We used the net proceeds from the offering, together with some cash on hand, to repay and terminate the senior credit facility term loan, and to pay the transaction costs related to the offering.

Interest

The Notes accrue interest at a rate of 12.5% per year. Interest on the Notes is paid semi-annually on each April 15 and October 15, commencing on April 15, 2012. After April 15, 2013, interest will accrue at a rate of 12.5% per annum on (i) the original amount of the Notes plus (ii) any Additional Interest (as defined below) payable but unpaid in any prior interest period, payable in cash on each interest payment date. Further, beginning on the interest payment date occurring on April 15, 2013, additional interest will be payable at a rate of 2.00% per annum (the Additional Interest) on (i) the original principal amount of the Notes plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period, to be paid in cash, at our election, (x) on the applicable interest payment date or (y) on the earliest of the maturity date of the Notes, any acceleration of the Notes and any redemption of the Notes; provided that no Additional Interest will be payable on any interest payment date if, for the applicable fiscal period, either (a) we record positive consolidated station operating income for our television segment or (b) our secured leverage ratio on a consolidated basis is less than 4.75 to 1.00.

We recorded positive consolidated station operating income for our television segment for the last twelve months ended June 30, 2013. Therefore, as of June 30, 2013, interest was payable at 12.5%.

Collateral and Ranking

The Notes and the guarantees are secured on a first-priority basis by a security interest in certain of the Company's and the guarantors' existing and future tangible and intangible assets (other than Excluded Assets (as defined in the Indenture)). The Notes and the guarantees will be structurally subordinated to the obligations of our nonguarantor subsidiaries. The Notes and guarantees will be senior to all of the Company's and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral.

The Indenture permits us, under specified circumstances, to incur additional debt in the future. The amount of such debt is limited by the covenants contained in the Indenture.

The Notes are senior secured obligations of the Company that rank equally with all of our existing and future senior indebtedness and senior to all of our existing and future subordinated indebtedness. Subject to certain exceptions, the Notes will be fully and unconditionally guaranteed by each of our existing and future wholly owned domestic subsidiaries (which excludes (i) our existing and future subsidiaries formed in Puerto Rico (the Puerto Rican Subsidiaries), (ii) our future subsidiaries formed under the laws of foreign jurisdictions and (iii) our existing and future subsidiaries, whether domestic or foreign, of the Puerto Rican Subsidiaries or foreign subsidiaries) and our other domestic subsidiaries that guarantee certain of our other debt. The Notes and guarantees will be structurally subordinated to all existing and future liabilities (including trade payables) of our nonguarantor subsidiaries.

Covenants and Other Matters

The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the guarantors to:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- engage in sale-lease back transactions;
- enter into new lines of business;
- make certain payments to holders of notes that consent to amendments to the indenture governing the notes without paying such amounts to all holders of notes;
- create or incur certain liens;
- make certain investments and acquisitions;
- transfer or sell assets;
- engage in transactions with affiliates; and
- merge or consolidate with other companies or transfer all or substantially all of our assets.

The Indenture contains certain customary representations and warranties, affirmative covenants and events of default which could, subject to certain conditions, cause the Notes to become immediately due and payable, including, but not limited to, the failure to make premium or interest payments; failure by us to accept and pay for Notes tendered when and as required by the change of control and asset sale provisions of the Indenture; failure to comply with certain covenants in the Indenture; failure to comply with certain agreements in the Indenture for a period of 60 days following notice by the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding; failure to pay any debt within any applicable grace period after the final maturity or acceleration of such debt by the holders thereof because of a default, if the total amount of such debt unpaid or accelerated exceeds $15 million; failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating $15 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; and certain events of bankruptcy or insolvency.

10. Dividend Payments on our 10 ¾% Series B Cumulative Exchangeable Redeemable 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 out of funds of the Company legally available therefor, dividends on the Series B preferred stock at a rate of 10 ¾% per year, of the $1,000 liquidation preference per share. All dividends are cumulative, whether or not earned or declared, and are payable quarterly in arrears on specified dividend payment dates.

In determining whether to declare and pay any prior or future cash dividends, our Board of Directors considers management’s recommendation, our financial condition, as well as whether funds are legally available to make such payments and the dividend would otherwise be permitted under the Delaware General Corporate Law. In addition, there are certain covenants under the Indenture which govern our Notes that restrict our ability to pay more than one quarterly dividend every four consecutive fiscal quarters unless we have satisfied certain leverage ratios. Currently, we do not satisfy those ratios and do not expect to be able to satisfy those ratios in the near term.

On March 29, 2013 and April 4, 2012, the Board of Directors declared a cash dividend for the dividend due April 15, 2013 and April 15, 2012, respectively, to the holders of our Series B preferred stock of record as of April 1, 2013 and April 1, 2012, respectively. The cash dividends of $26.875 per share were paid in cash on April 15, 2013 and April 16, 2012.

Our Board of Directors, under management’s recommendation, has previously determined that based on the circumstances at the time, among other things, the then current economic environment, our future cash requirements and the covenants under the Indenture governing our Notes, it was not prudent to declare or pay the dividends scheduled for July 15, 2013, January 15, 2013, October 15, 2012, July 15, 2012, and January 15, 2012.

If dividends on our Series B preferred stock are in arrears and unpaid for four consecutive quarters, a “voting rights triggering event” will have occurred. Following the occurrence and during the continuation of a voting rights triggering event, holders of the Series B preferred stock will be entitled to elect two directors to newly created positions on our board of directors, and we will be subject to more restrictive covenants, including a prohibition on our ability to incur any additional indebtedness and restrictions on our ability to pay dividends or make distributions, redeem or repurchase securities, make investments, enter into transactions with affiliates or merge or consolidate with (or sell substantially all of our assets to) any other person. See Item 1A. Risk Factors in our Annual Report on Form 10-K (as amended by our Amendment No. 1 on Form 10-K/A) for the year ended December 31, 2012 for a further discussion of our Series B preferred stock, including the consequences of not paying such dividends.

11. Liquidity and Capital Resources

Our primary sources of liquidity are our current cash and cash equivalents and the cash expected to be provided by operations. We do not currently have a revolving credit facility or other working capital lines of credit. Our cash flow from operations is subject to factors impacting our customers and target audience, such 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 certificate of designations governing our Series B preferred stock and by the terms of the indenture governing the Notes. Additionally, our certificate of designations and the indenture governing the Notes place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, 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, including, among other things, required semi-annual interest payments pursuant to the Notes and capital expenditures, excluding the repurchase of our Series B preferred stock.

On October 15, 2013, each holder of Series B preferred stock will have the right to require us to redeem all or a portion of such holder’s Series B preferred stock at a purchase price of 100% of the liquidation preference thereof, plus accumulated and unpaid dividends. We may not have sufficient legally available funds to redeem all or a portion of the Series B preferred stock, plus its accumulated and unpaid dividends. If the holders of shares of Series B preferred stock request that we repurchase all or a portion of their Series B preferred stock we may not be able to do so due to our lack of legally available funds and the existing covenants in the Indenture governing our Notes. We are currently exploring alternatives to restructure or refinance the Series B preferred stock prior to its redemption date. There is no assurance that we will be able to do so. If we fail to discharge our repurchase obligation with respect to the Series B preferred stock upon a valid request, then a voting rights triggering event will occur.

Following the occurrence and during the continuation of a “voting rights triggering event,” holders of the Series B preferred stock will be entitled to elect two directors to newly created positions on our board of directors, and we will be subject to more restrictive covenants, including a prohibition on our ability to incur any additional indebtedness and restrictions on our ability to pay dividends or make distributions, redeem or repurchase securities, make investments, enter into transactions with affiliates or merge or consolidate with (or sell substantially all of our assets to) any other person. See Item 1A. Risk Factors in our Annual Report on Form 10-K (as amended by our Amendment No. 1 on Form 10-K/A) for the year ended December 31, 2012 for a further discussion of our Series B preferred stock, including the consequences of not paying such dividends.

As of June 30, 2013, our outstanding Series B preferred stock had an aggregate liquidation preference of $92.3 million; we had accumulated and unpaid dividends on those shares in an amount equal to $31.9 million; and we had $24.2 million in cash and cash equivalents.

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

General Overview

We own and/or operate 21 radio stations in markets that reach approximately 40% of the Hispanic population in the United States, including Puerto Rico. In addition, we broadcast via our owned and operated television stations in South Florida and Houston and through distribution agreements, including nationally on a subscriber basis, which allow us to serve markets representing over 3.5 million Hispanic households. We operate two reportable segments: radio and television.

Our radio stations are located in six of the eight most populous Hispanic markets in the United States: Los Angeles, New York, Puerto Rico, Chicago, Miami and San Francisco. The Los Angeles and New York markets have the largest and second largest Hispanic populations and are also the largest and second largest radio markets in the United States measured by advertising revenue, respectively. We format the programming of each of our radio stations to capture a substantial share of the Hispanic audience in their respective markets. The U.S. Hispanic population is diverse, consisting of numerous identifiable ethnic groups from many different countries of origin, and each ethnic group has its own musical and cultural heritage. Since 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. To accommodate and monetize such diversity, we customize our programming to match the local preferences of our target demographic audience in each market we serve. For the six-months ended June 30, 2013 and 2012, our radio revenue was generated primarily from the sale of local, national and network advertising, and our radio segment generated 87% of our consolidated net revenue.

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 content. Our programming is formatted to capture a larger share 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 Hispanic television channels. MegaTV's programming is based on a strategy designed to showcase a combination of programs, ranging from televised radio-branded shows to general entertainment programs, such as music, celebrity, debate, interviews and personality based shows. As part of our strategy, we have incorporated certain of our radio on-air personalities into our television programming. In addition, we have included interactive elements into our programming to complement our Internet websites. We produce over 50 hours of original programming per week. For the six-months ended June 30, 2013 and 2012, our television revenue was generated primarily from the sale of local advertising and paid programming and generated 13% of our consolidated net revenues.

As part of our operating business, we also own 21 bilingual websites, including www.lamusica.com, Mega.tv and various station websites that provide 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. In addition, we produce live concerts and events in the United States and Puerto Rico. Concerts generate revenue from ticket sales, sponsorship and promotions while raising awareness of our brands in the surrounding communities. These distinct offerings provide additional synergistic opportunities for our advertising partners to reach their targeted audiences.

Business Drivers and Financial Statement Presentation

The following discussion provides a brief description of certain key items that appear in our consolidated financial statements and general business factors that impact these items.

Net Revenue Description and Factors

Our net revenue is primarily derived from the sale of advertising airtime to local and national advertisers. Net revenue is gross revenue less agency commissions, which are generally 15% of gross revenue.

- Local revenue generally consists of advertising airtime sold in a station's local market either directly to the advertiser or through an advertiser's agency. Local revenue includes local spot sales, integrated sales, sponsorship sales and paid-programming (or infomercials). For the six-months ended June 30, 2013 and 2012, local revenue comprised 61% — 68% of our gross revenue.
- National and network revenue generally consists of advertising airtime sold to agencies purchasing advertising for multiple markets. National sales are generally facilitated by our national representation firm, which serves as our agent in these transactions. For the six-months ended June 30, 2013 and 2012, national revenue comprised 15% of our gross revenue. Network sales generally consists of advertising airtime sold to our network sales partner and for the six-months ended June 30, 2013 and 2012, comprised 3% of our gross revenue.

Our net revenue is generally determined by the advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listenership/viewership levels. Each station broadcasts a predetermined number of advertisements per hour with the actual number depending upon the format of a particular station and any programming strategy we are utilizing to attract an audience. The number of advertisements we decide to broadcast hourly is intended to maximize the station's revenue without negatively impacting its audience listener/viewer levels. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year.

Our advertising rates are primarily based on the following factors:

- a station's audience share in the demographic groups targeted by advertisers which are measured by ratings agencies, primarily Arbitron and Nielsen;
- the number of stations, as well as other forms of media, in the market competing for the attention of the same demographic groups;

- the supply of, and demand for, advertising time; and
- the size of the market.

Our net revenue is also affected by general economic conditions, competition and our ability to improve operations at our market clusters. Seasonal revenue fluctuations are also common in the broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. Our net revenue is typically lowest in the first calendar quarter of the year.

In addition to advertising revenue, we also generate revenue from barter sales, special events revenue, interactive revenue, syndication revenue, subscriber revenue and other revenue. For the six-months ended June 30, 2013 and 2012, these revenues combined comprised approximately 14%—22% of our gross revenue.

- *Barter sales.* We use barter sales agreements to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services. However, we endeavor to minimize barter revenue in order to maximize cash revenue from our available airtime.
- *Special events revenue.* We generate special events revenue from ticket sales and event sponsorships, as well as profit-sharing arrangements by producing or co-producing live concerts and events promoted by our radio and television stations.
- *Interactive revenue.* We derive internet revenue from our websites through the sale of advertiser promotions and advertising on our websites and the sale of advertising airtime during audio streaming of our radio stations over the internet.
- *Syndication revenue.* We receive syndication revenue from licensing various MegaTV content internationally.
- *Subscriber revenue.* We receive subscriber revenue in the form of a per subscriber based fee, which is paid to us by cable and satellite providers.
- *Other revenue.* We receive other ancillary revenue such as rental income from renting available tower space or sub-channels.

Operating Expenses Description and Factors

Our operating expenses consist primarily of (1) engineering and programming expenses, (2) selling, general and administrative and (3) corporate expenses.

- *Engineering and programming expenses.* Engineering and programming expenses are related to the delivery and creation of our programming content on the air. These expenses include compensation and benefits for employees involved in engineering and programming, transmitter-related expenses, originally produced content, on-air promotions, acquired programming, music license fees and other expenses.
- *Selling, general and administrative expenses.* Selling, general and administrative expenses are related to the costs of selling our programming content and administrative costs associated with operating and managing our stations. These expenses include compensation and benefits for employees involved in selling and administrative functions, commissions, rating services, advertising, barter expenses, facilities expenses, special events expenses, professional fees, insurance, allowance for doubtful accounts and other expenses.
- *Corporate expenses.* Corporate expenses are related to the operations of our corporate offices and matters. These expenses include compensation and benefits for our corporate employees, professional fees, insurance, corporate facilities expenses and other expenses.

We strive to control our operating expenses by centralizing certain functions at our corporate offices and consolidating certain functions in each of our market clusters. Also, in our pursuit to control our operating expenses, we work closely with our local station management and vendors.

Comparison Analysis of the Operating Results for the Three-Months Ended June 30, 2013 and 2012

The following summary table presents financial data for each of our operating segments:

	Three-Months Ended June 30, 2013	Three-Months Ended June 30, 2012
	(In thousands)	
Net revenue:		
Radio	$ 32,247	30,288
Television	3,820	4,323
Consolidated	$ 36,067	34,611
Engineering and programming expenses:		
Radio	$ 4,605	4,422
Television	1,639	3,193
Consolidated	$ 6,244	7,615
Selling, general and administrative expenses:		
Radio	$ 12,453	11,572
Television	2,051	2,322
Consolidated	$ 14,504	13,894
Corporate expenses:	$ 2,612	1,636
Depreciation and amortization:		
Radio	$ 481	526
Television	761	666
Corporate	74	112
Consolidated	$ 1,316	1,304
(Gain) loss on the disposal of assets, net:		
Radio	$ (9)	(5)
Television	—	—
Corporate	—	—
Consolidated	$ (9)	(5)
Impairment charges and restructuring costs:		
Radio	$ 86	71
Television	—	11
Corporate	(61)	286
Consolidated	$ 25	368
Operating income (loss):		
Radio	$ 14,631	13,702
Television	(631)	(1,869)
Corporate	(2,625)	(2,034)
Consolidated	$ 11,375	9,799

The following summary table presents a comparison of our results of operations for the three-months ended June 30, 2013 and 2012. 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 June 30,	
	2013	2012
	(In thousands)	
Net revenue	$ 36,067	34,611
Engineering and programming expenses	6,244	7,615
Selling, general and administrative expenses	14,504	13,894
Corporate expenses	2,612	1,636
Depreciation and amortization	1,316	1,304
(Gain) loss on disposal of assets, net of disposal costs	(9)	(5)
Impairment charges and restructuring costs	25	368
Operating income	$ 11,375	9,799
Interest expense, net	(9,939)	(9,844)
Income tax expense	186	256
Net income (loss)	$ 1,250	(301)

Net Revenue

The increase in our consolidated net revenues of $1.5 million, or 4%, was due to the increase in our radio segment net revenues. Our radio segment net revenues increased $2.0 million or 6%, primarily due to national sales, barter sales, interactive sales and special events revenue. The increase in national sales was mainly in our New York, Los Angeles and San Francisco markets. The increases in barter and interactive sales occurred throughout most of our markets. The special events revenue increase took place in our San Francisco, Miami and Los Angeles markets. Our television segment net revenues decreased $0.5 million or 12%, due to the decreases in national and local spot sales and integrated sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $1.4 million or 18% was due to the decrease in our television segment expenses. Our television segment expenses decreased $1.6 million or 49%, mainly due to decreases in originally produced programming costs and the elimination of broadcasting rights fees related to our former Chicago and Puerto Rico outlets. Our radio segment expenses increased $0.2 million or 4%, primarily related to an increase in compensation and benefits.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of $0.6 million or 4% was due to the increase in our radio segment expenses. Our radio segment expenses increased $0.9 million or 8%, mainly due to increases in barter expense, compensation and benefits, which were offset by a decrease in local commissions. Our television segment expenses decreased $0.3 million or 12%, primarily due to decreases in the allowance for doubtful accounts, barter expense and facilities expenses.

Corporate Expenses

The increase in corporate expenses of $1.0 million or 60% was mostly due to increases in professional fees and compensation and benefits.

Operating Income

The increase in operating income of $1.6 million or 16% was mainly due to the increase in net revenue.

Net Income (Loss)

The increase in net income was primarily due to the increase in net revenue.

Comparison Analysis of the Operating Results for the Six-Months Ended June 30, 2013 and 2012

The following summary table presents financial data for each of our operating segments:

	Six-Months Ended June 30,	
	2013	2012
	(In thousands)	
Net revenue:		
Radio	65,206	58,066
Television	9,964	8,639
Consolidated	75,170	66,705
Engineering and programming expenses:		
Radio	9,709	9,729
Television	4,038	6,290
Consolidated	13,747	16,019
Selling, general and administrative expenses:		
Radio	28,039	24,530
Television	5,975	4,370
Consolidated	34,014	28,900
Corporate expenses:	5,042	3,988
Depreciation and amortization:		
Radio	992	1,077
Television	1,535	1,446
Corporate	147	234
Consolidated	2,674	2,757
(Gain) loss on the disposal of assets, net:		
Radio	(9)	(5)
Television	—	—
Corporate	(13)	—
Consolidated	(22)	(5)
Impairment charges and restructuring costs:		
Radio	86	71
Television	1,000	11
Corporate	(61)	342
Consolidated	1,025	424
Operating income (loss):		
Radio	26,389	22,664
Television	(2,584)	(3,478)
Corporate	(5,115)	(4,564)
Consolidated	18,690	14,622

The following summary table presents a comparison of our results of operations for the six-months ended June 30, 2013 and 2012. Various fluctuations in the table are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

	Six-Months Ended June 30,	
	2013	2012
	(In thousands)	
Net revenue	$ 75,170	66,705
Engineering and programming expenses	13,747	16,019
Selling, general and administrative expenses	34,014	28,900
Corporate expenses	5,042	3,988
Depreciation and amortization	2,674	2,757
(Gain) loss on disposal of assets, net of disposal costs	(22)	(5)
Impairment charges and restructuring costs	1,025	424
Operating income	$ 18,690	14,622
Interest expense, net	(19,870)	(16,682)
Loss on early extinguishment of debt	—	(391)
Income tax expense	323	1,513
Net loss	$ (1,503)	(3,964)

Net Revenue

The increase in our consolidated net revenues of $8.5 million or 13% was due to the increases in both our radio and television segments net revenues. Our radio segment net revenues increased $7.1 million or 12%, primarily due to special events revenue, national, barter and interactive sales. The increases in special events revenue, barter and interactive sales occurred throughout most of our markets. The increase in national sales took place in our Los Angeles, New York, San Francisco and Puerto Rico markets. Our television segment net revenues increased $1.3 million or 15%, largely due to the increase in special events revenue, offset by the decreases in national and local spot sales and integrated sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $2.3 million or 14% was due to the decrease in our television segment expenses. Our television segment expenses decreased $2.3 million or 36%, mainly due to decreases in originally produced programming costs, compensation and benefits, and the elimination of broadcasting rights fees related to our former Chicago and Puerto Rico outlets.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of $5.1 million or 18% was due to the increases in both our radio and television segments expenses. Our radio segment expenses increased $3.5 million or 14%, mainly due to increases in special events expenses and barter expense, which were offset by a decrease in local commissions. Our television segment expenses increased $1.6 million or 37%, primarily due to an increase in special events expenses, which were offset by decreases in compensation and benefits, and facilities expenses.

Corporate Expenses

The increase in corporate expenses of $1.1 million or 26% was mostly due to an increase in professional fees.

Impairment Charges and Restructuring Costs

The impairment charges and restructuring costs were mainly related to an impairment charge recognized on the write-off of a deposit for an option to purchase a TV station that we operated under a programming agreement throughout 2008 and 2009. Pursuant to a lawsuit, we were requesting the reimbursement of our deposit but our motion for judgment was denied.

Operating Income

The increase in operating income of $4.1 million or 28% was mainly due to the increase in net revenue.

Interest Expense, Net

The increase in interest expense of $3.2 million was due to the increase in our interest rate and amortization of deferred financing costs related to our 12.5% senior secured notes due 2017 (the "Notes"). On February 7, 2012, we issued $275 million in aggregate principal amount of the Notes at an issue price of 97% of the principal amount. We used the net proceeds from this offering, together with cash on hand, to repay and terminate the senior credit facility term loan, and to pay the transaction costs related to this offering. Our Notes have an effective interest rate of approximately 13.3%, including the original issue discount. We also incurred approximately $17.6 million in transaction costs, which are being amortized over the life of our Notes and recorded as interest expense.

Income Taxes

The decrease in income tax expense of $1.2 million was primarily a result of the decrease in the tax amortization of our FCC broadcasting licenses.

Net Loss

The decrease in net loss was primarily due to the increase in operating income.

Liquidity and Capital Resources

Our primary sources of liquidity are our current cash and cash equivalents and the cash expected to be provided by operations. We do not currently have a revolving credit facility or other working capital lines of credit. Our cash flow from operations is subject to factors impacting our customers and target audience, such as overall advertising demand, shifts in population, economic conditions, 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 Certificate of Designations governing our Series B preferred stock and by the terms of the Indenture governing the Notes. Additionally, our Certificate of Designations and the Indenture governing the Notes place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, 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, including, among other things, required semi-annual interest payments pursuant to the Notes and capital expenditures, excluding the repurchase of our Series B preferred stock.

Assumptions (none of which can be assured) which underlie management's beliefs, include the following:

- the demand for advertising within the broadcasting industry and economic conditions in general will not deteriorate in any material respect;
- we will continue to successfully implement our business strategy;
- we will not use cash flows from operating activities to repurchase the Series B preferred stock; and
- we will not incur any material unforeseen liabilities, including but not limited to taxes, environmental liabilities, regulatory matters or 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.

Potential impact on the liquidity of our Series B preferred stock

On October 15, 2013, each holder of Series B preferred stock will have the right to require us to redeem all or a portion of such holder's Series B preferred stock at a purchase price of 100% of the liquidation preference thereof, plus accumulated and unpaid dividends. We may not have sufficient legally available funds to redeem all or a portion of the Series B preferred stock, plus its accumulated and unpaid dividends. If the holders of shares of Series B preferred stock request that we repurchase all or a portion of their Series B preferred stock we may not be able to do so due to our lack of legally available funds and the existing covenants in the Indenture governing our Notes. We are currently exploring alternatives to restructure or refinance the Series B preferred stock prior to its redemption date. There is no assurance that we will be able to do so. If we fail to discharge our repurchase obligation with respect to the Series B preferred stock upon a valid request, then a voting rights triggering event will occur.

Following the occurrence, and during the continuation, of a "voting rights triggering event," holders of the Series B preferred stock will be entitled to elect two directors to newly created positions on our board of directors, and we will be subject to more restrictive covenants, including a prohibition on our ability to incur any additional indebtedness and restrictions on our ability to pay dividends or make distributions, redeem or repurchase securities, make investments, enter into transactions with affiliates or merge or consolidate with (or sell substantially all of our assets to) any other person. See Item 1A. Risk Factors in our Annual Report on Form 10-K (as amended by our Amendment No. 1 on Form 10-K/A) for the year ended December 31, 2012 for a further discussion of our Series B preferred stock, including the consequences of not paying such dividends.

As of June 30, 2013, our outstanding Series B preferred stock had an aggregate liquidation preference of $92.3 million; we had accumulated and unpaid dividends on those shares in an amount equal to $31.9 million; and we had $24.2 million in cash and cash equivalents.

12.5% senior secured notes due 2017

On February 7, 2012 we closed our offering of $275 million in aggregate principal amount of 12.5% senior secured notes due 2017 (the "Notes") at an issue price of 97% of the principal amount. The Notes were offered solely by means of a private placement either to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act, or to certain persons outside the United States pursuant to Regulation S under the Securities Act. We used the net proceeds from the offering, together with some cash on hand, to repay and terminate the senior credit facility term loan, and to pay the transaction costs related to the offering.

Interest— The Notes accrue interest at a rate of 12.5% per year. Interest on the Notes is paid semi-annually on each April 15 and October 15, commencing on April 15, 2012. After April 15, 2013, interest will accrue at a rate of 12.5% per annum on (i) the original amount of the Notes plus (ii) any Additional Interest (as defined below) payable but unpaid in any prior interest period, payable in cash on each interest payment date. Further, beginning on the interest payment date occurring on April 15, 2013, additional interest will be payable at a rate of 2.00% per annum (the "Additional Interest") on (i) the original principal amount of the Notes plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period, to be paid in cash, at our election, (x) on the applicable interest payment date or (y) on the earliest of the maturity date of the Notes, any acceleration of the Notes and any redemption of the Notes; provided that no Additional Interest will be payable on any interest payment date if, for the applicable fiscal period, either (a) we record positive consolidated station operating income for our television segment or (b) our secured leverage ratio on a consolidated basis is less than 4.75 to 1.00.

We recorded positive consolidated station operating income for our television segment for the last twelve months ended June 30, 2013. Therefore, as of June 30, 2013, interest was payable at 12.5%.

*Collateral and Ranking—*The Notes and the guarantees are secured on a first-priority basis by a security interest in certain of the Company's and the guarantors' existing and future tangible and intangible assets (other than "Excluded Assets" (as defined in the Indenture)). The Notes and the guarantees are structurally subordinated to the obligations of our non-guarantor subsidiaries. The Notes and guarantees are senior to all of the Company's and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral.

The Indenture permits us, under specified circumstances, to incur additional debt in the future. The amount of such debt is limited by the covenants contained in the Indenture.

The Notes are senior secured obligations of the Company that rank equally with all of our existing and future senior indebtedness and senior to all of our existing and future subordinated indebtedness. Subject to certain exceptions, the Notes are fully and unconditionally guaranteed by each of our existing and future wholly-owned domestic subsidiaries (which excludes (i) our existing and future subsidiaries formed in Puerto Rico (the "Puerto Rican Subsidiaries"), (ii) our future subsidiaries formed under the laws of foreign jurisdictions and (iii) our existing and future subsidiaries, whether domestic or foreign, of the Puerto Rican Subsidiaries or foreign subsidiaries) and our other domestic subsidiaries that guarantee certain of our other debt. The Notes and guarantees are structurally subordinated to all existing and future liabilities (including trade payables) of our non-guarantor subsidiaries.

Covenants and Other Matters—The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the guarantors to:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- engage in sale-lease back transactions;
- enter into new lines of business;
- make certain payments to holders of notes that consent to amendments to the indenture governing the notes without paying such amounts to all holders of notes;
- create or incur certain liens;
- make certain investments and acquisitions;
- transfer or sell assets;
- engage in transactions with affiliates; and
- merge or consolidate with other companies or transfer all or substantially all of our assets.

The Indenture contains certain customary representations and warranties, affirmative covenants and events of default which could, subject to certain conditions, cause the Notes to become immediately due and payable, including, but not limited to, the failure to make premium or interest payments; failure by the Company to accept and pay for Notes tendered when and as required by the change of control and asset sale provisions of the Indenture; failure to comply with certain covenants in the Indenture; failure to comply with certain agreements in the Indenture for a period of 60 days following notice by the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding; failure to pay any debt within any applicable grace period after the final maturity or acceleration of such debt by the holders thereof because of a default, if the total amount of such debt unpaid or accelerated exceeds $15 million; failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating $15 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; and certain events of bankruptcy or insolvency.

Summary of Capital Resources

The following summary table presents a comparison of our capital resources for the six-months ended June 30, 2013 and 2012, 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.

	Six-Months Ended June 30,		Change
	2013	2012	$
	(In thousands)		
Capital expenditures:			
Radio	$ 610	267	343
Television	271	356	(85)
Corporate	111	111	—
Consolidated	$ 992	734	258
Net cash flows provided by operating activities	$ 1,119	8,499	(7,380)
Net cash flows used in investing activities	(960)	(729)	(231)
Net cash flows used in financing activities	(2,653)	(56,508)	53,855
Net decrease in cash and cash equivalents	$ (2,494)	(48,738)	

Capital Expenditures

The increase in our capital expenditures was due to the increase in our radio capital expenditures in our New York and Los Angeles markets.

Net Cash Flows Provided by Operating Activities

Changes in our net cash flows from operating activities were primarily a result of cash payments paid to vendors, mainly for interest and prepaid expenses and other current assets.

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.

Net Cash Flows Used in Financing Activities

Changes in our net cash flows from financing activities were a result of the 2012 refinancing. On February 7, 2012, we issued $275 million in aggregate principal amount of 12.5% senior secured notes due 2017 at an issue price of 97% of the principal amount. We used the net proceeds from the offering, together with cash on hand, to repay and terminate the senior credit facility, and to pay the transaction costs related to the offering.

Recent Developments ***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 out of funds of the Company legally available therefor, dividends on the Series B preferred stock at a rate of 10 $^{3}/_{4}$% per year, of the $1,000 liquidation preference per share. All dividends are cumulative, whether or not earned or declared, and are payable quarterly in arrears on specified dividend payment dates.

In determining whether to declare and pay any prior or future cash dividends, our Board of Directors considers management's recommendation, our financial condition, as well as whether funds are legally available to make such payments and the dividend would otherwise be permitted under the Delaware General Corporate Law. In addition, there are certain covenants under the Indenture which govern our Notes that restrict our ability to pay more than one quarterly dividend every four consecutive fiscal quarters unless we have satisfied certain leverage ratios. Currently, we do not satisfy those ratios and do not expect to be able to satisfy those ratios in the near term.

On March 29, 2013 and April 4, 2012, the Board of Directors declared a cash dividend for the dividend due April 15, 2013 and April 15, 2012, respectively, to the holders of our Series B preferred stock of record as of April 1, 2013 and April 1, 2012, respectively. The cash dividends of $26.875 per share were paid in cash on April 15, 2013 and April 16, 2012.

Our Board of Directors, under management's recommendation, has previously determined that based on the circumstances at the time, among other things, the then current economic environment, our future cash requirements and the covenants under the Indenture governing our Notes, it was not prudent to declare or pay the dividends scheduled for July 15, 2013, January 15, 2013, October 15, 2012, July 15, 2012, and January 15, 2012.

If dividends on our Series B preferred stock are in arrears and unpaid for four consecutive quarters, a "voting rights triggering event" will have occurred. Following the occurrence and during the continuation of a voting rights triggering event, holders of the Series B preferred stock will be entitled to elect two directors to newly created positions on our board of directors, and we will be subject to more restrictive covenants, including a prohibition on our ability to incur any additional indebtedness and restrictions on our ability to pay dividends or make distributions, redeem or repurchase securities, make investments, enter into transactions with affiliates or merge or consolidate with (or sell substantially all of our assets to) any other person. See Item 1A. Risk Factors in our Annual Report on Form 10-K (as amended by our Amendment No. 1 on Form 10-K/A) for the year ended December 31, 2012 for a further discussion of our Series B preferred stock, including the consequences of not paying such dividends.

NASDAQ Listing

On April 9, 2013, we received approval from The NASDAQ Stock Market ("NASDAQ") to transfer the listing of our Class A common stock from The NASDAQ Global Market to The NASDAQ Capital Market. The NASDAQ Capital Market is one of the three markets for NASDAQ-listed stocks and operates similarly to The NASDAQ Global Market. Companies listed on The NASDAQ Capital Market must meet certain financial requirements and adhere to NASDAQ's corporate governance standards. Our Class A common stock began trading on The NASDAQ Capital Market at the opening of business on April 10, 2013 and continues to trade under the symbol "SBSA."

As previously reported, on October 3, 2012, we received a written deficiency notice (the "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 ("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 were provided an initial grace period of 180 calendar days, or until April 1, 2013, to regain compliance with the Rule. We did not regain compliance with the Rule, and on March 29, 2013, we filed an application to be listed on the NASDAQ Capital Market, which was granted on April 9, 2013.

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 quarter ended June 30, 2013 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*

Litigation-Lehman and T. Rowe Price Complaints

On February 14, 2013, Lehman Brothers Holdings Inc. (“LBHI”) brought a claim against us in the Delaware Court of Chancery (the “Court”) seeking, among other things, a declaratory judgment that as a result of non-payment of dividends, a Voting Rights Triggering Event had occurred pursuant to the Certificate of Designations for the Series B Preferred Stock (the “Certificate of Designations”) no later than July 15, 2010. LBHI alleges that as a result, we were prohibited from incurring indebtedness but did so for the purposes of purchasing assets relating to our Houston television station and the issuance of our 12.5% Senior Secured Notes due 2017. LBHI also seeks an award of unspecified contract damages. We filed a motion to dismiss the LBHI complaint on March 11, 2013. On April 25, 2013, LBHI filed an opposition to our motion to dismiss and a motion for partial summary judgment. We filed a reply in further support of our motion to dismiss and in opposition to LBHI’s motion for partial summary judgment on May 10, 2013. A hearing on the parties' motions was held on May 20, 2013, at which the Court requested further briefing on cross-motions for summary judgment. Additionally, on June 17, 2013, T. Rowe Price High Yield Fund, Inc., T. Rowe Price Institutional High Yield Fund, T. Rowe Price Funds SICAV-Global High Yield Bond Fund and T. Rowe Price Small-Cap Value Fund, Inc. (collectively “T. Rowe Price”) brought a claim against us making allegations substantially similar to those made by LBHI previously, except with an additional claim for breach of the implied covenant of good faith and fair dealing.

We deny the allegations contained in the LBHI and T. Rowe Price complaints and, to the contrary, assert that we have been and continue to be in full and complete compliance with all of our obligations under the Certificate of Designations, as fully disclosed in our public filings. Accordingly, we believe that the allegations and claims are frivolous and wholly without merit, and we intend to contest them vigorously.

Item 6. ***Exhibits***

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

Exhibit Number	Exhibit Description
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Periodic Financial Report by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Periodic Financial Report by Chief Financial Officer 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 Schema 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: August 14, 2013

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* 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.

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

Date: August 14, 2013

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.

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

Date: August 14, 2013

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 June 30, 2013, 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, as of the dates hereof, 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 at the dates and for the periods indicated.

/s/ RAÚL ALARCÓN, JR.

Name: Raúl Alarcón, Jr.
Title: Chairman of the Board of Directors,
President and Chief Executive Officer

Date: August 14, 2013

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 June 30, 2013, 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, as of the dates hereof, 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 at the dates and for the periods indicated.

/s/ JOSEPH A. GARCÍA

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

Date: August 14, 2013