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, 2011

or

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

For the transition period from __________ to __________

Commission file number 000-27823

Spanish Broadcasting System, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

As of August 9, 2011, 4,166,991 shares of Class A common stock, par value $0.0001 per share, 2,340,353 shares of Class B common stock, par value $0.0001 per share and 380,000 shares of Series C convertible preferred stock, $0.01 par value per share, which are convertible into 760,000 shares of Class A common stock, were outstanding. The number of Class A and Class B common stock shares reflects a 1-for-10 reverse stock split effectuated by the Registrant at 11:59p.m., Eastern Standard time on July 11, 2011.

SPANISH BROADCASTING SYSTEM, INC.
INDEX

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, 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 this report, in Part II, “Item 1A. Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2010, and those described from time to time in our future reports filed with the Securities and Exchange Commission (the SEC).

PART I. FINANCIAL INFORMATION

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

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

	June 30, 2011	December 31, 2010
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 64,984	55,140
Receivables, net of allowance for doubtful accounts of $941 in 2011 and $813 in 2010	23,767	26,160
Prepaid expenses and other current assets	2,303	3,219
Total current assets	91,054	84,519
Property and equipment, net of accumulated depreciation of $55,360 in 2011 and $52,819 in 2010	39,426	40,006
FCC broadcasting licenses	312,623	312,623
Goodwill	32,806	32,806
Other intangible assets, net of accumulated amortization of $268 in 2011 and $250 in 2010	1,166	1,184
Deferred financing costs, net of accumulated amortization of $6,613 in 2011 and $6,088 in 2010	988	1,514
Other assets	3,711	2,167
Total assets	$ 481,774	474,819
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 19,416	17,980
Accrued interest	2,055	4,057
Unearned revenue	1,103	745
Other liabilities	680	750
Current portion of the senior credit facility term loan due 2012	304,688	3,250
Current portion of other long-term debt	425	416
Series B cumulative exchangeable redeemable preferred stock dividends payable	16,959	14,478
Total current liabilities	345,326	41,676
Other liabilities, less current portion	702	985
Derivative instruments	813	829
Senior credit facility term loan due 2012, less current portion	—	303,063
Other long-term debt, less current portion	6,107	6,180
Deferred income taxes	81,136	78,247
Total liabilities	434,084	430,980
Commitments and contingencies (note 7)		
Cumulative exchangeable redeemable preferred stock:		
10¾% Series B cumulative exchangeable redeemable preferred stock, $0.01 par value, liquidation value $1,000 per share. Authorized 280,000 shares; 92,349 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	92,349	92,349
Stockholders' deficit:		
Series C convertible preferred stock, $0.01 par value and liquidation value. Authorized 600,000 shares; 380,000 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	4	4
Class A common stock, $0.0001 par value. Authorized 100,000,000 shares; 4,166,991 and 4,163,991 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	—	—
Class B common stock, $0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	—	—
Additional paid-in capital	525,250	525,205
Accumulated other comprehensive loss	(813)	(829)
Accumulated deficit	(569,100)	(572,890)
Total stockholders' deficit	(44,659)	(48,510)
Total liabilities and stockholders' deficit	$ 481,774	474,819

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

	Three-Months Ended June 30, 2011	Three-Months Ended June 30, 2010	Six-Months Ended June 30, 2011	Six-Months Ended June 30, 2010
	(In thousands, except per share data)			
Net revenue	$ 35,627	35,837	66,402	66,683
Operating expenses:				
Engineering and programming	9,569	9,991	19,775	19,865
Selling, general and administrative	10,957	10,832	24,136	23,621
Corporate expenses	2,012	2,254	3,943	4,475
Depreciation and amortization	1,257	1,446	2,596	3,002
	23,795	24,523	50,450	50,963
(Gain) loss on the disposal of assets, net	(2)	8	(9)	8
Impairment charges and restructuring costs	207	—	207	—
Operating income	11,627	11,306	15,754	15,712
Other (expense) income:				
Interest expense, net	(2,024)	(3,123)	(4,060)	(9,426)
Change in fair value of derivative instrument	—	3,016	—	5,863
Income before income taxes	9,603	11,199	11,694	12,149
Income tax expense	1,159	1,768	2,940	3,546
Net income	8,444	9,431	8,754	8,603
Dividends on Series B preferred stock	(2,482)	(2,482)	(4,964)	(4,964)
Net income applicable to common stockholders	$ 5,962	6,949	3,790	3,639
Basic net income per common share	$ 0.82	0.96	0.52	0.50
Diluted net income per common share	$ 0.82	0.95	0.52	0.50
Weighted average common shares outstanding:				
Basic	7,267	7,260	7,267	7,260
Diluted	7,280	7,287	7,283	7,282

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

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

	Class C preferred stock		Class A common stock		Class B common stock					
	Number of shares	**Par value**	**Number of shares**	**Par value**	**Number of shares**	**Par value**	**Additional paid-in capital**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total stockholders' deficit**
	(In thousands, except share data)									
Balance at December 31, 2010	380,000	$ 4	4,163,991	$ —	2,340,353	$ —	$ 525,205	$ (829)	$ (572,890)	$ (48,510)
Issuance of Class A common stock from vesting of restricted stock	—	—	3,000	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	45	—	—	45
Series B preferred stock dividends	—	—	—	—	—	—	—	—	(4,964)	(4,964)
Comprehensive income:										
Net income	—	—	—	—	—	—	—	—	8,754	8,754
Unrealized gain on derivative instruments	—	—	—	—	—	—	—	16	—	16
Comprehensive income										8,770
Balance at June 30, 2011	380,000	$ 4	4,166,991	$ —	2,340,353	$ —	$ 525,250	$ (813)	$ (569,100)	$ (44,659)

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, 2011	Six-Months Ended June 30, 2010
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 8,754	8,603
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on the sale of assets	(9)	8
Impairment charges	207	—
Stock-based compensation	45	116
Depreciation and amortization	2,596	3,002
Net barter income	107	(216)
Provision for trade doubtful accounts	391	202
Amortization of deferred financing costs	526	531
Deferred income taxes	2,889	3,487
Unearned revenue	382	99
Change in fair value of derivative instrument	—	(3,962)
Changes in operating assets and liabilities:		
Trade receivables	1,871	(1,208)
Prepaid expenses and other current assets	916	138
Other assets	(1,544)	64
Accounts payable and accrued expenses	1,809	376
Accrued interest	(2,002)	(1,542)
Other liabilities	(560)	1,508
Net cash provided by operating activities	16,378	11,206
Cash flows from investing activities:		
Purchases of property and equipment	(2,207)	(807)
Proceeds from the sale of property and equipment and insurance recoveries	15	—
Net cash used in investing activities	(2,192)	(807)
Cash flows from financing activities:		
Payment of senior credit facility revolver due 2010	—	(15,000)
Payment of senior secured credit facility term loan 2012	(1,625)	(1,626)
Payment of Series B preferred stock cash dividends	(2,483)	(2,482)
Payments of other long-term debt	(234)	(223)
Net cash used in financing activities	(4,342)	(19,331)
Net increase (decrease) in cash and cash equivalents	9,844	(8,932)
Cash and cash equivalents at beginning of period	55,140	53,580
Cash and cash equivalents at end of period	$ 64,984	44,648
Supplemental cash flows information:		
Interest paid	$ 3,515	6,539
Income taxes paid, net	$ 8	8
Noncash investing and financing activities:		
Accrual of Series B preferred stock cash dividends not declared	$ 2,482	2,482
Unrealized loss on derivative instruments	$ 16	(226)

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

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

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

2. Stockholders' Deficit

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

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

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

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

(b) Series C Convertible Preferred Stock

On December 23, 2004, in connection with the closing of the merger agreement, dated October 5, 2004, with CBS Radio (formerly known as Infinity Media Corporation, CBS Radio), a division of CBS Corporation, Infinity Broadcasting Corporation of San Francisco (Infinity SF) and SBS Bay Area, LLC, a wholly-owned subsidiary of SBS (SBS Bay Area), we issued to CBS Radio (i) an aggregate of 380,000 shares of Series C convertible preferred stock, $0.01 par value per share (the Series C preferred stock), each of which is convertible at the option of the holder two fully paid and non-assessable shares of our Class A common stock, $0.0001 par value per share (the Class A common stock). The shares of Series C preferred stock issued at the closing of the merger are convertible into 760,000 shares of our Class A common stock, subject to adjustment. The number of Class A common stock shares reflects a 1-for-10 reverse stock split effectuated by the Registrant at 11:59p.m., Eastern Standard time on July 11, 2011. In connection with the closing of the merger transaction, 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, $0.0001 par value per share (the Class B common stock), and each other class or series of our capital stock, if created, after December 23, 2004.

(c) Class A and B Common Stock

The rights of the holders of shares of Class A common stock and Class B common stock are identical, except for 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 the transfer to a person or entity which is not a permitted transferee. 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. The holders of each class have no 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 and liquidation preference of $1,000 per share (the Series B preferred stock) and on parity with the Series C preferred stock with respect to dividend rights and rights upon liquidation, winding up and dissolution of SBS.

(d) Share-Based Compensation Plans

2006 Omnibus Equity Compensation Plan

In July 2006, we adopted an omnibus equity compensation plan (the Omnibus Plan) in which grants 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 that may be granted, other than dividend equivalents, to any individual during any calendar year is 100,000 shares, subject to adjustments. In addition, the maximum aggregate number of shares of Class A common stock with respect to grants of stock units, stock awards and other stock-based awards that may be granted to any individual during a calendar year is also 100,000 shares, subject to adjustments.

1999 Stock Option Plans

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

Stock Options and Nonvested Shares Activity

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

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

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2010	192	$ 59.04		
Granted	—	—		
Exercised	—	—		
Forfeited	(4)	64.33		
Outstanding at June 30, 2011	188	$ 58.94	$ 79	4.3
Exercisable at June 30, 2011	184	$ 59.79	$ 79	4.2

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

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

	Outstanding			Weighted Average Remaining Contractual Life (Years)	Exercisable	
Range of Exercise Prices	Vested Options	Unvested Options	Weighted Average Exercise Price		Number Exercisable	Weighted Average Exercise Price
$2.00 – 49.99	68	4	$ 16.36	7.3	68	$ 16.15
50.00 – 99.99	96	—	81.02	2.2	96	81.02
100.00 – 117.80	20	—	107.87	3.3	20	107.87
	184	4	$ 58.94	4.3	184	$ 59.79

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

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

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

3. Basic and Diluted Net Income Per Common Share

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

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

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, 2011 and 2010 (in thousands):

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2011	2010	2011	2010
Basic weighted average shares outstanding	7,267	7,260	7,267	7,260
Effect of dilutive equity instruments	13	27	16	22
Dilutive weighted average shares outstanding	7,280	7,287	7,283	7,282
Options to purchase shares of common stock and other stock-based awards outstanding which are not included in the calculation of diluted net income per share because their impact is anti-dilutive	156	176	146	179

4. Operating Segments

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

	Three-Months Ended June 30, 2011	Three-Months Ended June 30, 2010	Six-Months Ended June 30, 2011	Six-Months Ended June 30, 2010
	(In thousands)		(In thousands)	
Net revenue:				
Radio	$ 31,222	31,823	57,663	58,903
Television	4,405	4,014	8,739	7,780
Consolidated	$ 35,627	35,837	66,402	66,683
Engineering and programming expenses:				
Radio	$ 5,279	5,684	11,688	11,474
Television	4,290	4,307	8,087	8,391
Consolidated	$ 9,569	9,991	19,775	19,865
Selling, general and administrative expenses:				
Radio	$ 8,936	9,084	19,772	19,955
Television	2,021	1,748	4,364	3,666
Consolidated	$ 10,957	10,832	24,136	23,621
Corporate expenses:	$ 2,012	2,254	3,943	4,475
Depreciation and amortization:				
Radio	$ 545	653	1,163	1,386
Television	575	564	1,150	1,126
Corporate	137	229	283	490
Consolidated	$ 1,257	1,446	2,596	3,002
(Gain) loss on the disposal of assets, net:				
Radio	$ (2)	—	(9)	—
Television	—	8	—	8
Corporate	—	—	—	—
Consolidated	$ (2)	8	(9)	8
Impairment charges and restructuring costs:				
Radio	$ —	—	—	—
Television	—	—	—	—
Corporate	207	—	207	—
Consolidated	$ 207	—	207	—
Operating income (loss):				
Radio	$ 16,464	16,402	25,049	26,088
Television	(2,481)	(2,613)	(4,862)	(5,411)
Corporate	(2,356)	(2,483)	(4,433)	(4,965)
Consolidated	$ 11,627	11,306	15,754	15,712
Capital expenditures:				
Radio	$ 190	342	453	401
Television	211	15	1,634	310
Corporate	69	65	120	96
Consolidated	$ 470	422	2,207	807

	June 30, 2011	December 31, 2010
	(In thousands)	
Total Assets:		
Radio	$ 431,766	425,106
Television	46,408	45,707
Corporate	3,600	4,006
Consolidated	$ 481,774	474,819

5. Comprehensive Income

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

	Three-Months Ended June 30,		Six-Months ended June 30,	
	2011	2010	2011	2010
Net income	$ 8,444	9,431	$ 8,754	8,603
Other comprehensive income:				
Amounts reclassified to earnings during the period	—	873	—	1,901
Unrealized (loss) gain on derivative instruments	(50)	(142)	16	(226)
Total comprehensive income	$ 8,394	10,162	$ 8,770	10,278

6. Income Taxes

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

We file federal, state and local income tax returns in the United States and Puerto Rico. The tax years that remain subject to assessment of additional liabilities by the United States federal, state, and local tax authorities are 2007 through 2009. The tax years that remain subject to assessment of additional liabilities by the Puerto Rico tax authority are 2006 through 2011.

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

7. Litigation

We are subject to certain legal proceedings and claims that have arisen in the ordinary course of business and have not been fully adjudicated. In 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.

8. Fair Value Measurement Disclosures

Fair Value of Financial Instruments

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

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

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

Description	June 30, 2011 Gross Carrying Amount	June 30, 2011 Fair Value	December 31, 2010 Gross Carrying Amount	December 31, 2010 Fair Value
Senior credit facility term loan	$ 304.7	291.2	306.3	291.2
$10^{3}/_{4}$% Series B cumulative exchangeable redeemable preferred stock	92.3	69.8	92.3	69.3
Promissory note payable, included in other long-term debt	6.3	6.3	6.5	6.4

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

Fair Value of Derivative Instruments

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

		Fair value measurements at June 30, 2011		
		Liabilities		
Description	**June 30, 2011 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	$ 813	—	813	—

		Fair value measurements at December 31, 2010		
		Liabilities		
Description	**December 31, 2010 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	$ 829	—	829	—

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

Interest rate swaps	Three-Months Ended June 30, 2011	Three-Months Ended June 30, 2010	Six-Months Ended June 30, 2011	Six-Months Ended June 30, 2010
(Loss) gain recognized in other comprehensive loss (effective portion)	$ (50)	(142)	$ 16	(226)
Loss reclassified from accumulated other comprehensive loss into interest expense	—	873	—	1,901
Gain recognized in change in fair value of derivative instrument	—	3,016	—	5,863

9. Acquisition of Houston Television Station

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

In connection with the closing, we paid an aggregate purchase price equal to $16 million, consisting of: (i) cash in the amount of $8.0 million; and (ii) a thirty-six month, secured promissory note in the principal amount of $8.0 million, bearing a fixed interest rate of 6%.

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

10. Refinancing of our First Lien Credit Facility due 2012

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

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

On January 21, 2011, we entered into an engagement letter agreement (the “Engagement Letter”) with Lazard Frères & Co. LLC (“Lazard”), to act as our investment banker in connection with exploring potential strategic transactions, including the refinancing of our existing First Lien Credit Facility due June 2012. The term of the Engagement Letter is from the date thereof until it expires or is earlier terminated pursuant to the terms thereof. Pursuant to the terms of the Engagement Letter, Lazard will be entitled to certain fees upon the consummation of certain strategic transactions, as well as other fees in connection with services rendered under the Engagement Letter and reimbursement for expenses incurred in connection with its performance thereunder.

11. Subsequent Events

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

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

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

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

NASDAQ Compliance Letter

As a result of the reverse stock split, on July 26, 2011, we received notification from NASDAQ that we had regained compliance with the $1.00 minimum closing bid price requirement in accordance with NASDAQ listing rules. The NASDAQ Listing Qualifications Panel has determined to continue the listing of our securities on The NASDAQ Stock Market.

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

Overview

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

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

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

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

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

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

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

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

	Three-Months Ended June 30, 2011	Three-Months Ended June 30, 2010
	(In thousands)	
Net revenue:		
Radio	$ 31,222	31,823
Television	4,405	4,014
Consolidated	$ 35,627	35,837
Engineering and programming expenses:		
Radio	$ 5,279	5,684
Television	4,290	4,307
Consolidated	$ 9,569	9,991
Selling, general and administrative expenses:		
Radio	$ 8,936	9,084
Television	2,021	1,748
Consolidated	$ 10,957	10,832
Corporate expenses:	$ 2,012	2,254
Depreciation and amortization:		
Radio	$ 545	653
Television	575	564
Corporate	137	229
Consolidated	$ 1,257	1,446
(Gain) loss on the disposal of assets, net:		
Radio	$ (2)	—
Television	—	8
Corporate	—	—
Consolidated	$ (2)	8
Impairment charges and restructuring costs:		
Radio	$ —	—
Television	—	—
Corporate	207	—
Consolidated	$ 207	—
Operating income (loss):		
Radio	$ 16,464	16,402
Television	(2,481)	(2,613)
Corporate	(2,356)	(2,483)
Consolidated	$ 11,627	11,306

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

	Three-Months Ended June 30,	
	2011	2010
	(In thousands)	
Net revenue	$ 35,627	35,837
Engineering and programming expenses	9,569	9,991
Selling, general and administrative expenses	10,957	10,832
Corporate expenses	2,012	2,254
Depreciation and amortization	1,257	1,446
(Gain) loss on disposal of assets, net of disposal costs	(2)	8
Impairment charges and restructuring costs	207	—
Operating income	$ 11,627	11,306
Interest expense, net	(2,024)	(3,123)
Change in fair value of derivative instrument	—	3,016
Income tax expense	1,159	1,768
Net income	$ 8,444	9,431

Net Revenue

The decrease in our consolidated net revenue of $0.2 million or 1% was due to the decrease in our radio segment net revenues. Our radio segment net revenue decreased $0.6 million or 2%, primarily due to local sales, offset by an increase in national and network sales. The decrease in local sales occurred in all of our markets, with the exception of our New York market. The increase in national sales occurred in our New York, Chicago and Puerto Rico markets. The increase in network sales occurred in all of our markets. Our television segment net revenue increased $0.4 million or 10%, primarily due to increases in national spot sales and paid programming sales, offset by a decrease in local spot sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $0.4 million or 4% was due to the decrease in our radio segment expenses. Our radio segment expenses decreased $0.4 million or 7%, primarily related to decreases in compensation and benefits for technical and programming personnel due to headcount reductions and music license fees. Our television segment expenses were flat.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of $0.1 million or 1% was due to the increase in our television segment expense. Our television segment expenses increased $0.3 million or 16%, primarily due to increases in barter expense, promotions and outside services. Our radio segment expenses decreased $0.2 million or 2%, mainly due to a decrease in national and local commissions, offset by increases in our rating services and allowance for doubtful accounts.

Corporate Expenses

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

Impairment Charges and Restructuring Costs

The impairment charges and restructuring costs is related to an impairment charge recognized on the lease of corporate office space.

Operating Income

The increase in operating income was mainly due to the decrease in our engineering and programming expenses and corporate expenses.

Interest Expense, Net

In 2008, the counterparty to an interest rate swap related to the First Lien Credit Facility, Lehman Brothers Special Financing Inc., and its parent and credit support provider, Lehman Brothers Holdings Inc., each filed for bankruptcy. As a result of the Lehman bankruptcy filings, a dispute arose with respect to the outstanding payments under the swap agreement. On June 17, 2010, the parties successfully resolved the dispute under mediation and entered into a confidential settlement and release agreement. Under this swap agreement, we were paying a fixed interest rate of 5.98%. We are now paying interest at a floating rate equal to three-month LIBOR plus 175 basis points, resulting in a decrease in interest expense.

Income Taxes

The income tax expense of $1.2 million arose primarily from the income tax expense resulting from the tax amortization of our FCC broadcasting licenses.

Net Income

The decrease in net income was primarily due to the prior year change in the fair value of derivative instrument, offset by decreases in interest expense and income taxes.

Comparison Analysis of the Operating Results for the Six-Months Ended June 30, 2011 and 2010

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

	Six-Months Ended June 30,	
	2011	2010
	(In thousands)	
Net revenue:		
Radio	57,663	58,903
Television	8,739	7,780
Consolidated	66,402	66,683
Engineering and programming expenses:		
Radio	11,688	11,474
Television	8,087	8,391
Consolidated	19,775	19,865
Selling, general and administrative expenses:		
Radio	19,772	19,955
Television	4,364	3,666
Consolidated	24,136	23,621
Corporate expenses:	3,943	4,475
Depreciation and amortization:		
Radio	1,163	1,386
Television	1,150	1,126
Corporate	283	490
Consolidated	2,596	3,002
(Gain) loss on the disposal of assets, net:		
Radio	(9)	—
Television	—	8
Corporate	—	—
Consolidated	(9)	8
Impairment charges and restructuring costs:		
Radio	—	—
Television	—	—
Corporate	207	—
Consolidated	207	—
Operating income (loss):		
Radio	25,049	26,088
Television	(4,862)	(5,411)
Corporate	(4,433)	(4,965)
Consolidated	15,754	15,712

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

	Six-Months Ended June 30,	
	2011	**2010**
	(In thousands)	
Net revenue	$ 66,402	66,683
Engineering and programming expenses	19,775	19,865
Selling, general and administrative expenses	24,136	23,621
Corporate expenses	3,943	4,475
Depreciation and amortization	2,596	3,002
(Gain) loss on disposal of assets, net of disposal costs	(9)	8
Impairment charges and restructuring costs	207	—
Operating income	$ 15,754	15,712
Interest expense, net	(4,060)	(9,426)
Change in fair value of derivative instrument	—	5,863
Income tax expense	2,940	3,546
Net income	$ 8,754	8,603

Net Revenue

The decrease in our consolidated net revenue of $0.3 million or less than 1% was due to the decrease in our radio segment net revenues. Our radio segment net revenue decreased $1.2 million or 2%, primarily due to local sales, offset by an increase in national and network sales. The decrease in local sales occurred in all of our markets. The increase in national sales occurred in our New York, Chicago and Puerto Rico markets. The increase in network sales occurred in all of our markets. Our television segment net revenue increased $0.9 million or 12%, primarily due to increases in national spot sales and paid programming sales, offset by a decrease in local spot sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $0.1 million or less than 1% was due to the decrease in our television segment expenses. Our television segment expenses decreased $0.3 million or 4%, primarily due to a decrease in broadcasting rights fees for our Puerto Rico outlet, offset by an increase in original produced programming. Our radio segment expenses increased $0.2 million or 2%, primarily related to an increase in legal settlements, offset by decreases in compensation and benefits for technical and programming personnel due to headcount reductions and music license fees.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of $0.5 million or 2% was due to the increase in our television segment expense. Our television segment expenses increased $0.7 million or 19%, primarily due to increases in promotions, professional fees and travel and entertainment expenses. Our radio segment expenses decreased $0.2 million or 1%, mainly due to a decrease in national and local commissions, offset by an increase in special events expenses.

Corporate Expenses

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

Impairment Charges and Restructuring Costs

The impairment charges and restructuring costs is related to an impairment charge recognized on the lease of corporate office space.

Operating Income

The increase in operating income was mainly due to the decrease in our corporate expenses and deprecation and amortization, offset by increases in our selling, general and administrative expenses.

Interest Expense, Net

In 2008, the counterparty to an interest rate swap related to the First Lien Credit Facility, Lehman Brothers Special Financing Inc., and its parent and credit support provider, Lehman Brothers Holdings Inc., each filed for bankruptcy. As a result of the Lehman bankruptcy filings, a dispute arose with respect to the outstanding payments under the swap agreement. On June 17, 2010, the parties successfully resolved the dispute under mediation and entered into a confidential settlement and release agreement. Under this swap agreement, we were paying a fixed interest rate of 5.98%. We are now paying interest at a floating rate equal to three-month LIBOR plus 175 basis points, resulting in a decrease in interest expense.

Income Taxes

The income tax expense of $2.9 million arose primarily from the income tax expense resulting from the tax amortization of our FCC broadcasting licenses.

Net Income

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

Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents ($65.0 million as of June 30, 2011) and cash expected to be provided by operations. Our cash flow from operations is subject to such factors as overall advertising demand, shifts in population, station listenership and viewership, demographics, audience tastes and fluctuations in preferred advertising media. Our ability to raise funds by increasing our indebtedness is limited by the terms of the certificates of designation governing our Series B preferred stock and the credit agreement governing our senior credit facility term loan. Additionally, our certificates of designation and credit agreement each place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, capital expenditures, transactions with affiliates, and consolidations and mergers, among other things.

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

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

While not significant to us to date, the disruptions in the capital and credit markets may result in increased borrowing costs associated with our short-term and long-term debt. Assumptions (none of which can be assured) which underlie management’s beliefs, include the following:

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

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

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

	Six-Months Ended June 30, 2011	Six-Months Ended June 30, 2010	Change $
	(In thousands)		
Capital expenditures:			
Radio	$ 453	401	52
Television	1,634	310	1,324
Corporate	120	96	24
Consolidated	$ 2,207	807	1,400
Net cash flows provided by operating activities	$ 16,378	11,206	5,172
Net cash flows used in investing activities	(2,192)	(807)	(1,385)
Net cash flows used in financing activities	(4,342)	(19,331)	14,989
Net increase (decrease) in cash and cash equivalents	$ 9,844	(8,932)	

Capital Expenditures

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

Net Cash Flows Provided by Operating Activities

Changes in our net cash flows from operating activities were primarily a result of the increase in cash collected from trade sales.

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 prior year $15.0 million repayment of our Senior Credit Facility Revolver.

Recent Developments

Acquisition of Houston Television Station

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

In connection with the closing, we paid an aggregate purchase price equal to $16 million, consisting of: (i) cash in the amount of $8.0 million; and (ii) a thirty-six month, secured promissory note in the principal amount of $8.0 million, bearing a fixed interest rate of 6%.

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

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

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

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

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

NASDAQ Compliance Letter

As a result of the reverse stock split, on July 26, 2011, we received notification from NASDAQ that we had regained compliance with the $1.00 minimum closing bid price requirement in accordance with NASDAQ listing rules. The NASDAQ Listing Qualifications Panel has determined to continue the listing of our securities on The NASDAQ Stock Market.

Dividend Payment on the Series B Preferred Stock

Under the terms of our Series B preferred stock, the holders of the outstanding shares of the Series B preferred stock are entitled to receive, when, as and if declared by the Board of Directors, dividends on the Series B preferred stock at a rate of 10 3/4% per year, of the $1,000 liquidation preference per share, payable quarterly.

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

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

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

Our Board of Directors has not yet determined whether to pay the scheduled October 15, 2011 dividend.

Investment Banker Engagement Letter

On January 21, 2011, we entered into an engagement letter agreement (the "Engagement Letter") with Lazard Frères & Co. LLC ("Lazard"), to act as our investment banker in connection with exploring potential strategic transactions, including the refinancing of our existing First Lien Credit Facility due June 2012. The term of the Engagement Letter is from the date thereof until it expires or is earlier terminated pursuant to the terms thereof. Pursuant to the terms of the Engagement Letter, Lazard will be entitled to certain fees upon the consummation of certain strategic transactions, as well as other fees in connection with services rendered under the Engagement Letter and reimbursement for expenses incurred in connection with its performance thereunder.

Off-Balance Sheet Arrangements

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

Item 4. *Controls and Procedures*

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

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

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

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

Item 6. *Exhibits*

(a) Exhibits

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

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

* 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 12, 2011

EXHIBIT INDEX

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

* Filed herewith

** Furnished herewith

Exhibit 10.1

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment ("Amendment") is made as of April 19, 2011, by and between Spanish Broadcasting System, Inc. (the "Company"), a Delaware corporation and Joseph A. Garcia ("Executive") (hereinafter collectively referred to as "the Parties").

RECITALS

WHEREAS, the Company and Executive entered into an Employment Agreement dated as of August 4, 2008 (the "Employment Agreement"); and

WHEREAS, the Company and Executive wish to amend the Employment Agreement pursuant to the terms and conditions set forth herein below.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties understand and agree to amend the Employment Agreement as follows:

1. Amendment to Employment Agreement. Upon effectiveness of this Amendment as provided in Section 2 below, Section 3(e) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

> "(e) Automobile. During the Term of this Agreement, the Company will provide Executive an annual allowance of Twenty Thousand Four Hundred Dollars ($20,400) for the business use by Executive in purchasing or leasing an automobile and for the payment of insurance, maintenance and other expenses in connection with such automobile."

2. Effectiveness. This Amendment shall become effective at such time that executed counterparts of this Amendment have been duly executed and delivered.

3. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

4. The remaining terms and conditions of the Employment Agreement remain in full force and effect.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed as of the day and year first written above.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Raul Alarcon
Name: Raul Alarcon
Title: President

EXECUTIVE

/s/ Joseph A. Garcia
Joseph A. Garcia

Exhibit 10.3

AMENDMENT NO. 1
TO ASSET PURCHASE AGREEMENT

This AMENDMENT NO. 1, dated as of July 19, 2011 (this "Amendment No. 1"), to the Asset Purchase Agreement (the "Purchase Agreement") dated as of May 2, 2011 by and among CHANNEL 55/42 OPERATING, LP, a Texas limited partnership ("Operating Seller"), USFR TOWER OPERATING, LP, a Texas limited partnership ("Asset Seller"), HUMANITY INTERESTED MEDIA, L.P., a Texas limited partnership ("License Seller"), USFR EQUITY DRIVE PROPERTY LLC, a Texas limited liability company ("Equipment Seller" and, collectively with Operating Seller, Asset Seller and License Seller, "Seller"), and solely for purposes of Sections 3.1, 3.3, 3.4 and Article 10, US FARM & RANCH SUPPLY COMPANY, INC., a Texas corporation ("Parent"), and SPANISH BROADCASTING SYSTEM, INC., a Delaware corporation ("Buyer"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Purchase Agreement.

WHEREAS, the parties hereto desire to amend and modify the Purchase Agreement in accordance with the terms hereof.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendment.

Section 2.6 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

> The consummation of the transactions provided for in this Agreement (the "Closing") shall take place at the offices of Lombardo Dufresne LLP, 275 Madison Avenue, 35th Floor, New York, New York, at 11:00 a.m. on (a) August 1, 2011 upon the satisfaction or waiver of all conditions to Closing set forth in Articles 7 and 8, or (b) such other place, time or date as the parties may agree on in writing. To the extent feasible, the Closing will be held by overnight mail, electronic transmission, wire transfer, facsimile or combination thereof, without the principals present. The date on which the Closing is to occur is referred to herein as the "Closing Date."

Section 2. Modification and Further Agreement.

Notwithstanding anything set forth in the Purchase Agreement or the Escrow Agreement to the contrary:

(a) Buyer and Seller hereby agree that on the date of this Amendment No. 1, Buyer and Seller shall deliver the joint written instruction attached hereto as Exhibit A (the "Joint Instruction") to the Escrow Agent authorizing the Escrow Agent to release the Escrow Property to Seller.

(b) Buyer and Seller hereby acknowledge that at the Closing the cash consideration payable by Buyer the pursuant to Section 2.4 (c) of the Purchase Agreement shall be $6,400,000.00.

(c) The delivery requirements set forth in Section 2.4(c)(ii) shall be deemed satisfied upon delivery of the Joint Instruction on the date hereof pursuant to Section 1(a) of this Amendment No. 1.

Section 3. Miscellaneous.

(a) Except as set forth herein, the Purchase Agreement shall continue in full force and effect in accordance with its terms and the Purchase Agreement, as amended hereby, is hereby ratified and confirmed by the parties thereto. Each reference in the Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import referring to the Purchase Agreement shall mean and be a reference to the Purchase Agreement as amended by this Amendment No. 1.

(b) THIS AMENDMENT NO. 1 AND ALL QUESTIONS RELATING TO ITS VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.

(c) This Amendment No. 1 may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute the same instrument. This Amendment No. 1 shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Delivery of an executed counterpart of a signature page to this Amendment No. 1 by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Amendment No. 1.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment No. 1 as of the day and year first written above.

SELLER:

CHANNEL 55/42 OPERATING, LP

By: US Farm & Ranch Supply Company, Inc., its Sole Member

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President and CEO

HUMANITY INTERESTED MEDIA, L.P.

By: HIM GP, LLC, its General Partner

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President

USFR TOWER OPERATING, LP

By: Channel 55/42 Broadcast, LLC, its General Partner

By: US Farm & Ranch Supply Co., Inc., its Sole Member

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President

USFR EQUITY DRIVE PROPERTY LLC

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President

PARENT:

US FARM & RANCH SUPPLY COMPANY, INC.,
solely for the purposes of Sections 3.1, 3.3, 3.4 and
Article 10

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President and CEO

BUYER:

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Joseph A. Garcia
Name: Joseph A. Garcia
Title: Sr. Executive Vice President

EXHIBIT A

JOINT INSTRUCTION

July 14, 2011

Kalil & Co., Inc.
363 N. Swan Road, Suite 200
Tucson, Arizona 85718

Ladies and Gentlemen:

Reference is hereby made to that certain Escrow Agreement (the "Escrow Agreement"), dated as of May 2, 2011, by and among CHANNEL 55/42 OPERATING, LP, a Texas limited partnership ("Operating Seller"), USFR TOWER OPERATING, LP, a Texas limited partnership ("Asset Seller"), HUMANITY INTERESTED MEDIA, L.P., a Texas limited partnership ("License Seller"), USFR EQUITY DRIVE PROPERTY LLC, a Texas limited liability company ("Equipment Seller" and, collectively with Operating Seller, Asset Seller and License Seller, "Seller"), US FARM & RANCH SUPPLY COMPANY, INC., a Texas corporation ("Parent"), SPANISH BROADCASTING SYSTEM, INC., a Delaware corporation ("Buyer"), and KALIL & CO., INC. (the "Escrow Agent"). . Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Escrow Agreement.

The undersigned parties hereby direct, pursuant to Section 2(a) of the Escrow Agreement, that the Escrow Agent deliver the Escrow Property to Seller.

PARENT:

US FARM & RANCH SUPPLY COMPANY, INC.

By: /s/ Gregory L. Brown
Name: Gregory L. Brown
Title: President and CEO

BUYER:

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Joseph A. Garcia
Name: Joseph A. Garcia
Title: Sr. Executive Vice President

Exhibit 31.1

CERTIFICATION

I, Raúl Alarcón, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ RAÚL ALARCÓN, JR.

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

Date: August 12, 2011

Exhibit 31.2

CERTIFICATION

I, Joseph A. García, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ JOSEPH A. GARCÍA

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

Date: August 12, 2011

Exhibit 32.1

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

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

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

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

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

Date: August 12, 2011

Exhibit 32.2

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

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

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

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

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

Date: August 12, 2011