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, 2015

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)

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

PART I. FINANCIAL INFORMATION

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

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(In thousands, except share data)

Assets	**June 30, 2015**	**December 31, 2014**
Current assets:		
Cash and cash equivalents	$ 21,236	$ 23,991
Receivables:		
Trade	27,324	27,506

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations
and Comprehensive Loss
(In thousands, except per share data)

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Net revenue	$ 38,100	40,887	$ 70,242	73,666
Operating expenses:				
Engineering and programming	7,940	7,574	15,604	15,086
Selling, general and administrative	16,341	19,704	31,603	35,458
Corporate expenses	2,424	3,744	4,572	5,448
Depreciation and amortization	1,183	1,259	2,470	2,534
Total operating expenses	27,888	32,281	54,249	58,526
(Gain) loss on the disposal of assets	(72)	(1,250)	(78)	(1,204)
Impairment charges and restructuring costs	(137)	(73)	(137)	(73)
Operating income	10,421	9,929	16,208	16,417
Other (expense) income:				
Interest expense, net	(9,995)	(9,942)	(19,928)	[redacted]
Dividends on Series B preferred stoc				

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Changes in Stockholders' Deficit
for the Six-Months Ended June 30, 2015
(In thousands, except share data)

Series C convertible preferred stock		Class A common stock		Class B common stock		Additional paid-in capital	Accumulated other comprehensive loss, net	Total stockholders'
Number of shares	Par value	Number of shares	Par value	Number of shares	Par value			

[redacted]

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. 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 stockholders and Class B common stockholders 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 n

3. Basic and Diluted Net Loss Per Common Share

Basic net loss per common share was computed by dividing net loss 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 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 loss per share for the three- and six-month periods ended June 30, 2015 and 2014 (in thousands):

	Three-Months Ended	Six-Months Ended

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,		Six-Months Ended June 30,	
	2015	2014	2015	2014
Net revenue:				
Radio	$ 34,492	36,019	$ 63,719	65,464
Television	3,608			

5. Income Taxes

We are calculating our effective income tax rate using a year-toback to 2009. Accordingly, we believe that the complaint's allegations are frivolous and wholly without merit and intend to contest such allegations 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. 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 ope

- create or incur certain liens;
-

Series B preferred stock was approximately $50.7 million, which is accrued on our condensed consolidated balance sheet as 10 ¾% Series B cumulative exchangeable redeemable preferred stock.

Redemption Date and Subsequent Accounting Treatment of the Preferred Stock

Prior to October 15, 2013, the Series B preferred stock was considered “conditionally redeemable” because the redemption of the shares of Series B preferred stock was contingent on the Series B preferred stockholders requesting that their Series B preferred stock be repurchased on October 15, 2013. On October 15, 2013, almost all of the holders of the Series B preferred stock requested that we repurchase their shares of Series B preferred stock. As a result of their request, we assessed and determined that, under

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

General Overview

agent in these transactions. For the six-months ended June 30, 2015 and 2014, national revenue comprised 12% and 13%

rating services, advertising, barter expenses, facilities expenses, special events expenses, professional fees, insurance, allowance for doubtful accounts, affiliate station compensation and other expenses.

- *C[illegible]* 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. 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, 2015 and 2014

The following summary table presents a comparison of our results of operations for the three-months ended June 30, 2015 and

Income Tax Expense

The following summary table presents a comparison of our results of operations for the six-months ended June 30, 2015 and 2014 (in thousands). Various fluctuations in our results are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

	Six-Months Ended June 30, 2015	Six-Months Ended June 30, 2014
Net revenue	$ 70,242	73,666
Engineering and programming expenses	15,604	15,086
Selling, general and administrative expenses	31,603	35,458
Corporate expenses	4,572	5,448
Depreciation and amortization	2,470	2,534
(Gain) loss on disposal of assets, net of disposal costs	(78)	(1,204)
Impairment charges and restructuring costs	(137)	(73)
Operating income	$ 16,208	16,417
Interest expense, net	(19,928)	(19,870)
Dividends on Series B preferred stock classified as interest expense	(4,867)	(4,867)
Income tax expense	3,613	1,000
Net loss	$ (12,200)	(9,320)

Net Revenue

The decrease in our consolidated net revenues of $3.4 million or 5% was due to the decreases in both our radio and television segments' net revenues. Our radio segment net revenues decreased $1.8 million or 3%, due to decreases in local, barter and national sales and special events revenue, which were partially offset by an increase in network sales. Our local sales decreased in our Los Angeles, Puerto Rico and San Francisco markets and the decrease in barter sales occurred throughout all of our markets. Our national sales decreased in our Los Angeles, New York, San Francisco and Puerto Rico markets. Our special events revenue decreased in our Los Angeles, Miami and San Francisco markets due to a decrease in scheduled events. Our network sales increase was directly related to our "AIRE Radio Network" advertising platform, which we launched in the beginning of 2014. Our television segment net revenues decreased $1.7 million or 20%, due to the decreases in paid-programming, special events revenue, local sales, barter sales and national sales.

Engineering and Programming Expenses

The increase in our consolidated engineering and programming expenses of $0.5 million or 3% was primarily due to the increase in our radio segments' expenses. Our radio segment expenses increased $1.1 million or 11%, mainly due to an increase in programming personnel's compensation and benefits. This increase was offset by a decrease in our television segment expenses of $0.6 million or 13% related to a reduction in originally produced programming cost.

Selling, General and Administrative Expenses

The decrease in our consolidated selling, general and administrative expenses of $3.9 million or 11% was due to the decreases in both our television and radio segments' expenses. Our television segment expenses decreased $1.9 million or 43%, primarily due to decreases in the allowance for doubtful accounts, special events expenses, professional3.5(si)3.7(%)6(rel.5)4(ar3.5(si)3decr)-4.004

Net Loss

The increase in net loss was primarily due to the increase in income tax expense.

Liquidity and Capital Resources

On October 15, 2013, as a result of a failure by us to repurchase all of the shares of Series B preferred stock that were requested to be repurchased by the holders thereof, a Voting Rights Triggering Event occurred. Following the occurrence, and during the continuation of the Voting Rights Triggering Event, we are subject to more restrictive operating 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. The Voting Rights Triggering Event shall continue until (i) all dividends in arrears shall have been paid in full and (ii) all other failures, breaches or defaults giving rise to such Voting Rights Triggering Event are remedied or waived by the holders of at least a majority of the shares of the then outstanding Series B preferred stock. We do not currently have sufficient

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 (the “Interest Payment Date”), commencing on April 15, 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 domesti

Summary of Capital Resources

The following summary table presents a comparison of our capital resources for the six-months ended June 30, 2015 and 2014, with respect to certain key measures affecting our liquidity (in thousands). 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

balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, and not recorded as separate assets. This update is effective for reporting periods beginning after December 15, 2015, and is to be applied on a retrospective basis.

PART II—OTHER INFORMATION

Item 1.

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*	

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

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[illegible]
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[illegible]

Date: August 14, 2015

EXHIBIT INDEX

Exhibit Number	Exhibit Description
31.1*	