cannot assure you, however, that the development or introduction of any new media technology will not have an adverse effect on the radio and television broadcasting industries.

We cannot predict what other matters may be considered in the future by the FCC, nor can we assess in advance what impact, if any, the implementation of any of these proposals or changes may have on our business. See "Federal Regulation of Radio and Television Broadcasting" below.

Trademarks, Copyrights and Licenses

In the course of our business, we use various trademarks, copyrights, trade names, domain names and service marks, including logos, with our products and services in our programming, advertising and promotions. Trademarks and copyrights are of material importance to our business and are protected by registration or otherwise in the United States, including Puerto Rico. We believe our trademarks, copyrights, trade names, domain names and service marks are important to our business, and we intend to continue to protect and promote them where appropriate and to protect the registration of new trademarks and copyrights, including through legal action. We do not hold or depend upon any material government license, franchise or concession, except that we hold and depend upon the broadcast licenses granted by the FCC and hold certain trademarks granted by the United States Patent and Trademark Office.

Environmental Matters

As the owner, lessee or operator of various real properties and facilities, we are subject to various federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on our business. We cannot assure you; however, that compliance with existing or new environmental laws and regulations will not require us to make significant expenditures of funds.

Employees

As of December 31, 2013, we had 464 full-time employees and 139 part-time employees. None of our employees are represented by a labor organization or are covered by a collective bargaining agreement. We consider our relations with our employees to be satisfactory.

Our business depends upon the efforts, abilities and expertise of our executive officers and other key employees, including on-air talent, as well as our ability to hire and retain qualified personnel. The loss of any of our executive officers and key employees, particularly Raúl Alarcón, Chairman of our Board of Directors, Chief Executive Officer and President, could have a material adverse effect on our business.

Legal Proceedings

From time to time, we are involved in various routine legal and administrative proceedings and litigation incidental to the conduct of our business, such as contractual matters and employee-related matters. In recent years, we have been subject to administrative proceedings and lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace, wage-hour and employment discrimination matters, and a number of these lawsuits have resulted in the payment of substantial damages. In the opinion of management, such litigation is not likely to have a material adverse effect on our business, operating results or financial condition. In 2013, a number of the holders of our Series B preferred stock brought actions against us relating to whether and when a Voting Rights Triggering Event had occurred. See Business - Recent Developments and Item. 3 Legal Proceedings for a discussion of such litigation.

Antitrust

We have completed, and in the future may complete, strategic acquisitions and divestitures in order to achieve a significant presence with clusters of stations in the top U.S. Hispanic markets. As a result of the industry consolidation resulting from the passage of the Telecommunications Act of 1996, the Federal Trade Commission (the "FTC") and the Department of Justice (the "DOJ"), the federal agencies responsible for enforcing the federal antitrust laws, have reviewed certain proposed acquisitions of broadcast stations and station networks. The DOJ can be particularly aggressive when the proposed buyer already owns one or more broadcast stations in the market of the station it is seeking to buy and, following a proposed acquisition, would garner a substantial portion of the advertising revenues in a market. The DOJ has challenged a number of broadcasting transactions. Some of those challenges ultimately resulted in consent decrees requiring, among other things, divestitures of certain stations. Additionally, the FTC has initiated a rule-making process that proposes numerous changes to the information to be provided both as part of the premerger notification and in response to a request for additional information. As part of its scrutiny of station acquisitions, the DOJ has stated publicly that it believes that commencement of operations under time brokerage agreements, local marketing agreements and other similar agreements customarily entered into in connection with station transfers prior to the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), could violate the HSR Act. In connection with acquisitions, subject to the waiting period under the HSR Act, so long as the DOJ policy on the issue remains unchanged, we would not expect to commence operation of any affected station under a time brokerage agreement, local marketing agreement or similar agreement until the waiting period has expired or been terminated.

Federal Regulation of Radio and Television Broadcasting

General

The radio and television broadcasting industry is subject to extensive and changing regulation by the FCC with regard to programming, technical operations, employment, ownership and other business practices. The FCC regulates broadcast stations pursuant to the Communications Act. The Communications Act permits the operation of broadcast stations only in accordance with a license issued by the FCC upon a finding that the grant of a license would serve the public interest, convenience and necessity. The Communications Act provides for the FCC to exercise its licensing authority to provide a fair, efficient and equitable distribution of broadcast service throughout the United States. Among other things, the FCC:

- assigns frequency bands for radio and television broadcasting;
- determines the particular frequencies, locations and operating power of radio and television broadcast stations;
- issues, renews, revokes and modifies radio and television broadcast station licenses;
- establishes technical requirements for certain transmitting equipment used by radio and television broadcast stations;
- adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, program content and employment and business practices of radio and television broadcast stations;
- has the power to impose penalties, including monetary forfeitures and license revocations, for violations of its rules and the Communications Act; and
- regulates certain aspects of the operation of cable and direct broadcast satellite systems and certain other electronic media that compete with broadcast stations.

The following is a brief summary of certain provisions of the Communications Act and specific FCC rules and policies. This summary does not purport to be complete and is subject to the text of the Communications Act, the FCC's rules and regulations, and the rulings of the FCC. You should refer to the Communications Act and these FCC rules, regulations and rulings for further information concerning the nature and extent of federal regulation of broadcast stations. A licensee's failure to observe the requirements of the Communications Act or FCC rules and policies may result in the imposition of various sanctions, including admonishment, fines, the grant of renewal terms of less than eight years, the grant of a license with conditions or, for particularly egregious violations, the denial of a license renewal application, the revocation of an FCC broadcast license or the denial of FCC consent to acquire additional broadcast properties, all of which could have a material adverse impact on our operations.

FCC Licenses

The Communications Act provides that a broadcast station license may be granted to any applicant if the granting of the application would serve the public interest, convenience and necessity, subject to certain limitations. In making licensing determinations, the FCC considers an applicant's legal, technical, financial and other qualifications. The FCC grants radio and television broadcast station licenses for specific periods of time and, upon application, may renew them for additional terms. Under the Communications Act, radio and television broadcast station licenses may be granted for a maximum term of eight years.

The FCC classifies each AM and FM radio station. The minimum and maximum facilities requirements for an FM station are determined by its class. Some FM class designations depend upon the geographic zone in which the transmitter of the FM station is located. In general, commercial FM stations are classified as Class A, B1, C3, B, C2, C1, C0 and C, in order of increasing power and antenna height. Class C FM stations are subject to involuntary downgrades to Class C0 in various circumstances if they do not meet certain antenna height specifications. We do not operate any AM radio stations.

The following table sets forth the technical information and license expiration dates of each of our radio and television stations:

Broadcast station	Market	Date of acquisition	Date of license expiration	Operation frequency	FCC class	HAAT (In meters)	Power (In kilowatts)
KLAX-FM	Los Angeles, CA	2/24/1988	12/1/2013[(2)]	97.9 MHz	B	184	33.0
KXOL-FM	Los Angeles, CA	10/30/2003	12/1/2013[(2)]	96.3 MHz	B	398	6.6
WSKQ-FM	New York, NY	1/26/1989	6/1/2006[(1)]	97.9 MHz	B	415	6.0
WPAT-FM	New York, NY	3/25/1996	6/1/2014[(2)]	93.1 MHz	B	433	5.4
WMEG-FM	Puerto Rico	5/13/1999	2/1/2012[(2)]	106.9 MHz	B	594	25.0
WEGM-FM	Puerto Rico	1/14/2000	2/1/2020	95.1 MHz	B	600	25.0
WRXD-FM	Puerto Rico	12/1/1998	2/1/2020	96.5 MHz	B	852	11.5
WZET-FM	Puerto Rico	5/13/1999	2/1/2020	92.1 MHz	A	337	3.0
WIOA-FM	Puerto Rico	1/14/2000	2/1/2020	99.9 MHz	B	560	31.0
WIOB-FM	Puerto Rico	1/14/2000	2/1/2020	97.5 MHz	B	302	50.0
WIOC-FM	Puerto Rico	1/14/2000	2/1/2020	105.1 MHz	B	(61)	47.0
WZNT-FM	Puerto Rico	1/14/2000	2/1/2012[(2)]	93.7 MHz	B	560	28.0
WZMT-FM	Puerto Rico	1/14/2000	2/1/2020	93.3 MHz	B1	(69)	14.5
WODA-FM	Puerto Rico	1/14/2000	2/1/2020	94.7 MHz	B	560	31.0
WNOD-FM	Puerto Rico	1/14/2000	2/1/2020	94.1 MHz	B	597	25.0
WLEY-FM	Chicago, IL	3/27/1997	12/1/2012[(2)]	107.9 MHz	B	232	21.0
WRMA-FM	Miami, FL	3/28/1997	2/1/2012[(2)]	95.7 MHz	C2	167	40.0
WCMQ-FM	Miami, FL	12/22/1986	2/1/2012[(2)]	92.3 MHz	C2	188	31.0
WXDJ-FM	Miami, FL	3/28/1997	2/1/2020	106.7 MHz	C0	300	100.0
KRZZ-FM	San Francisco, CA	12/23/2004	12/1/2013[(2)]	93.3 MHz	B	415	6.0
WSBS-DT	Miami, FL[(3)]	3/1/2006	2/1/2013[(2)]	CH. 3	DTV	54	1.0
WSBS-CD	Miami, FL	3/1/2006	2/1/2013[(2)]	CH. 50	CA	236	150.0
KTBU-DT	Houston, TX[(4)]	8/1/2011	8/1/2014	CH. 42	DTV	597	1,000.0

(1) An application to renew the FCC broadcast license for WSKQ-FM was filed on January 31, 2006. Approval of the application is still pending. A petition to deny the application for renewal was filed by several parties who alleged, inter alia, that WSKQ-FM had broadcast indecent material during the license term. An opposition pleading was submitted to the FCC categorically stating that the allegations made did not raise sufficient questions to warrant nonrenewal of the license. The application remains pending, and the station continues to operate under its expired license until the FCC takes action on the renewal. In February 2014, license renewal applications for stations located in the State of New York were due and we filed another application to renew these licenses. In the great majority of cases, radio broadcast licenses are renewed by the FCC even when petitions to deny are filed against license renewal applications.

(2) An application to renew the FCC broadcast license for this station was timely filed. Approval of the application is still pending.

(3) TV Station WSBS-DT is licensed to Key West and is part of the Miami DMA (designated market area, as defined by Nielsen Media Research).

(4) TV Station KTBU-DT is licensed to Conroe, Texas and is part of the Houston DMA.

License Grant and Renewal

Pursuant to the Communications Act, the FCC renews broadcast licenses without a hearing upon a finding that:

- the station has served the public interest, convenience and necessity;
- there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations; and
- there have been no other violations by the licensee of the Communications Act or FCC rules and regulations which, taken together, indicate a pattern of abuse.

After considering these factors, the FCC may grant the license renewal application with or without conditions, including renewal for a term less than the maximum term otherwise permitted by law, or hold an evidentiary hearing.

The Communications Act authorizes the filing of petitions to deny a license renewal application during specific periods of time after a renewal application has been filed. Interested parties, including members of the public, may use these petitions to raise issues concerning a renewal applicant's qualifications. If a substantial and material question of fact concerning a renewal application is raised by the FCC or other interested parties, or if for any reason the FCC cannot determine that granting a renewal application would serve the public interest, convenience and necessity, the FCC will hold an evidentiary hearing on the application. If, as a result of an evidentiary hearing, the FCC determines that the licensee has failed to meet the requirements specified above and that no mitigating factors justify the imposition of a lesser sanction, then the FCC may deny a license renewal application. Generally, our licenses have been renewed without any material conditions or sanctions being imposed, but we cannot assure that the licenses of each of our stations will continue to be renewed or will continue to be renewed without conditions or sanctions.

Transfers and Assignments of License

The Communications Act requires prior approval by the FCC for the assignment of a broadcast license or the transfer of control of a corporation or other entity holding a license. In determining whether to approve an assignment of a radio broadcast license or a transfer of control of a broadcast licensee, the FCC considers, among other things:

- the financial and legal qualifications of the prospective assignee or transferee, including compliance with FCC restrictions on non-U.S. citizens or entity ownership and control;
- compliance with FCC rules limiting the common ownership of attributable interests in broadcast and newspaper properties;
- the history of compliance with FCC operating rules; and
- the character qualifications of the transferee or assignee and the individuals or entities holding attributable interests in them.

To obtain the FCC's prior consent to assign or transfer a broadcast license, appropriate applications must be filed with the FCC. If the assignment or transfer results in a substantial change in ownership or control, the application must be placed on public notice for a period of 30 days during which petitions to deny the application may be filed by interested parties, including members of the public. Informal objections may be filed any time up until the FCC acts upon the application. If the FCC grants an assignment or transfer application, interested parties have 30 days from public notice of the grant to seek reconsideration of that grant. The FCC has an additional ten days to set aside such grant on its own motion. When ruling on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application.

Alien Ownership

Under the Communications Act, a broadcast license may not be granted to or held by any corporation that has more than 20% of its capital stock owned or voted by non-U.S. citizens, whom the FCC refers to as "aliens," or entities or their representatives, by foreign governments or their representatives, or by non-U.S. corporations. Furthermore, the Communications Act provides that no FCC broadcast license may be granted to or held by any corporation directly or indirectly controlled by any other corporation of which more than 25% of the capital stock is owned or voted by non-U.S. citizens or entities or their representatives, by foreign governments or their representatives, or by non-U.S. corporations, if the FCC finds the public interest will be served by the refusal or revocation of such license. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before a broadcast license may be granted to or held by any such entity, and in the past the FCC has made such an affirmative finding in the broadcast context only in limited circumstances. These restrictions apply in modified form to other forms of business organizations, including partnerships and limited liability companies. Thus, the licenses for our stations could be revoked if more than 25% of our outstanding capital stock is issued to or for the benefit of non-U.S. citizens. In 2013, the FCC issued a declaratory ruling that notwithstanding its past practices it will consider on a case-by-case basis requests for approval of acquisitions by aliens of in excess of 25% of the stock of the parent of a broadcast licensee. In acting upon such a request, the FCC will coordinate with Executive Branch agencies on national security, law enforcement, foreign policy, and trade policy issues. Our certificate of incorporation provides that the transfer or conversion of our capital stock, whether voluntary or involuntary, shall not be permitted, and shall be ineffective, if such transfer or conversion would violate (or would result in violation of) the Communications Act or any of the rules or regulations promulgated thereunder or require the prior approval of the FCC, unless such prior approval has been obtained.

Ownership Attribution

The FCC generally applies its broadcast ownership limits to "attributable" interests held by an individual, corporation, partnership or other association or entity, including limited liability companies. In the case of a corporation holding broadcast licenses, the interests of officers, directors and those who, directly or indirectly, have the right to vote 5% or more of the stock of a licensee corporation are generally deemed attributable interests, as are officer positions and directors of a corporate parent of a broadcast licensee. The FCC treats all partnership interests as attributable, except for those limited partnership interests that under FCC policies are considered insulated from material involvement in the management or operation of the media-related activities of the partnership. The FCC currently treats limited liability companies like limited partnerships for purposes of attribution. Stock interests held by insurance companies, mutual funds, bank trust departments and certain other passive investors that hold stock for investment purposes only become attributable with the ownership of 20% or more of the voting stock of the corporation holding broadcast licenses.

To assess whether a voting stock interest in a direct or an indirect parent corporation of a broadcast licensee is attributable, the FCC uses a "multiplier" analysis in which noncontrolling voting stock interests are deemed proportionally reduced at each noncontrolling link in a multi-corporation ownership chain. A time brokerage agreement with another radio or television station in the same market creates an attributable interest in the brokered radio or television station, as well as for purposes of the FCC's local radio and television station ownership rules, if the agreement affects more than 15% of the brokered radio or television station's weekly broadcast hours. Similarly, a radio station licensee's right under a joint sales agreement to sell more than 15% per week of the advertising time on another radio station in the same market constitutes an attributable ownership interest in such station for purposes of the FCC's ownership rules.

Debt instruments, nonvoting stock, stock options or other nonvoting interests with rights of conversion to voting interests that have not yet been exercised, insulated limited partnership interests where the limited partner is not materially involved in the media-related activities of the partnership, and minority voting stock interests in corporations where there is a single holder of more than 50% of the outstanding voting stock whose vote is sufficient to affirmatively direct the affairs of the corporation generally do not subject their holders to attribution, unless such interests implicate the FCC's equity-debt-plus (or "EDP") rule. Under the EDP rule, a major programming supplier or a same-market media entity will have an attributable interest in a station if the supplier or same-market media entity also holds debt or equity, or both, in the station that is greater than 33% of the value of the station's total debt plus equity. For purposes of the EDP rule, equity includes all stock, whether voting or nonvoting, and interests held by limited partners or limited liability company members that are not materially involved. A major programming supplier is any supplier that provides more than 15% of the station's weekly programming hours.

Multiple Ownership

The Communications Act and FCC rules generally restrict ownership, operation or control of, or the common holding of attributable interests in (i) broadcast stations above certain limits serving the same local market, and (ii) broadcast stations and a daily newspaper serving the same local market. On July 7, 2011, the United States Court of Appeals for the Third Circuit upheld the FCC's last media ownership review order, to the extent that the FCC retained most of its media ownership rules, and vacated the portion of that order that sought to relax restrictions on common ownership of broadcast stations and daily newspapers. In December 2011, the FCC issued a Notice of Proposed Rulemaking ("NPRM") as part of its 2010 quadrennial review of its media ownership rules. The NPRM proposes to maintain most of the current rules described below but does propose to relax the newspaper-broadcast cross-ownership rule to apply a positive presumption to requests to own a newspaper and a broadcast station in the 20 largest DMAs. The NPRM also proposes to eliminate the radio-television cross-ownership rule. We cannot predict the outcome of these proceedings or whether the FCC's multiple ownership rules will be modified.

The FCC's currently effective multiple ownership rules are briefly summarized below.

Local Radio Ownership

Although current FCC rules allow one entity to own, control or hold attributable interests in an unlimited number of AM and FM radio stations nationwide, the Communications Act and the FCC's rules limit the number of radio broadcast stations in local markets (generally defined as those counties in the Arbitron ® Metro Survey Area, where they exist) in which a single entity may own an attributable interest as follows:

- In a radio market with 45 or more full-power commercial and noncommercial radio stations, a party may own, operate or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM).
- In a radio market with between 30 and 44 (inclusive) full-power commercial and noncommercial radio stations, a party may own, operate or control up to seven commercial radio stations, not more than four of which are in the same service (AM or FM).
- In a radio market with between 15 and 29 (inclusive) full-power commercial and noncommercial radio stations, a party may own, operate or control up to six commercial radio stations, not more than four of which are in the same service (AM or FM).
- In a radio market with 14 or fewer full-power commercial and noncommercial radio stations, a party may own, operate or control up to five commercial radio stations, not more than three of which are in the same service (AM or FM), except that a party may not own, operate, or control more than 50% of the radio stations in such market.

To apply these tiers, the FCC currently relies on Arbitron Metro Survey Areas, where they exist. In other areas, the FCC relies on an interim contour-overlap methodology. For radio stations located outside Arbitron Metro Survey Areas, the FCC is undertaking a rulemaking to determine how to define such local radio markets. The market definition used by the FCC in applying its ownership rules may not be the same as that used for purposes of the Hart-Scott-Rodino Act.

Local Television Ownership

Under the ownership rules currently in place, the FCC generally permits an owner to have only one television station per market. A single owner is permitted to have two stations with overlapping signals only if (i) one of the two commonly owned stations is not ranked in the top four based upon audience share, and (ii) there will remain after the transaction eight independently owned, full power noncommercial or commercial operating television stations in the market. The rules also permit the ownership, operation or control of two televisions stations in a market as long as the stations' Noise Limited Service contours do not overlap. In 2011, the FCC issued a Notice of Rulemaking ("Ownership NPRM") proposing to modify the newspaper broadcast cross-ownership rule, to eliminate the radio television cross-ownership rule and to eliminate the contour overlap exception that permits common ownership of two television stations in the same market. The matter remains pending. The FCC will consider waiving these ownership restrictions in certain cases involving failing or failed stations or stations which are not yet built. Under the rule, the licensee of a television station that provides more than 15% of another in-market station's weekly programming will be deemed to have an attributable interest in the other station. The Ownership NPRM also raised questions regarding whether the regulatory treatment of joint operating agreements between television stations in a market that are not commonly owned, including agreements for joint sales of advertising time, news sharing, and the provision of technical, promotional, and back-office services, should be changed. Currently, such arrangements are common among television stations in medium and smaller television markets where ownership of more than one television station is not permitted and the station providing services is not deemed to have an attributable interest in the station receiving services. In the Ownership NPRM, the FCC requested comments regarding whether such joint operating arrangements should be considered attributable. In addition, in a separate rulemaking proceeding that was issued in 2004, the FCC requested comments regarding whether a television station that sells more than 15% of the advertising inventory for another separately owned television station in a market pursuant to a joint sales agreement should be deemed to have an attributable interest in that station.

Television National Audience Reach Limitation

Under the national television ownership rule, one party may not own television stations which reach more than 39% of all U.S. television households. For purposes of calculating the total number of television households reached by a station, the FCC attributes a UHF television station with only 50% of the television households in its market. In establishing a national cap by statute, Congress did not specifically mention the FCC's "UHF discount" policy. In 2013, the FCC released a proceeding to determine if the UHF discount policy should be retained, reused or eliminated. This proceeding remains pending.

Radio-Television Cross-Ownership

The radio-television cross-ownership rule generally allows common ownership of one or two television stations and up to six radio stations, or, in certain circumstances, (i) one television station and seven radio stations, in any market where at least 20 independent voices would remain after the combination; (ii) two television stations and up to four radio stations in a market where at least 10 independent voices would remain after the combination; and (iii) one television and one radio station notwithstanding the number of independent voices in the market. A "voice" includes each independently owned and operated full-power television and radio station and each daily newspaper that has a circulation exceeding 5% of the households in the market, plus one voice for all cable television systems operating in the market.

Newspaper-Broadcast Cross-Ownership

Under the currently effective newspaper broadcast cross-ownership rule, unless grandfathered or subject to waiver, no party can have an attributable interest in both a daily English-language newspaper and either a television or radio station in the same market if specified signal contours of the television station or the radio station encompass the entire community in which the newspaper is published.

Programming and Operations

The Communications Act requires broadcasters to serve the public interest. A broadcast license is required to present programming in response to community problems, needs and interests and to maintain certain records demonstrating its responsiveness. The FCC will consider complaints from listeners about a broadcast station's programming when it evaluates the licensee's renewal application, but listeners' complaints also may be filed and considered at any time. Stations also must pay regulatory and application fees, and follow various FCC rules that regulate, among other things, political advertising, equal employment opportunity, technical operation, the broadcast of obscene, indecent or profane programming, sponsorship identification, the broadcast of contest and lottery information and the conduct of contests.

The FCC requires that licensees not discriminate in hiring practices on the basis of race, color, religion, national origin or gender. It also requires stations with at least five full-time employees to disseminate information about all fulltime job openings and undertake outreach initiatives from an FCC list of activities such as participation in job fairs, internships or scholarship programs.

Stations must retain records of their outreach efforts and keep an annual Equal Employment Opportunity ("EEO") report in their public inspection files and post an electronic version on their websites.

Certain FCC rules affecting programming and operations are briefly summarized below.

Indecency and Profanity

Provisions of federal law regulate the broadcast of obscene, indecent, or profane material. The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent or profane material because the vagueness of the FCC's indecency/profanity definition makes it difficult to apply, particularly with regard to spontaneous, live programming. In recent years, the FCC has increased its enforcement efforts of these indecency and profanity regulations, and has threatened to initiate license revocation proceedings against broadcast licenses for "serious" indecency or profanity violations. The FCC has substantially increased its monetary penalties for violations of these regulations. Legislation enacted in 2006 provides the FCC with authority to impose fines of up to $325,000 per indecent or profane utterance with a maximum forfeiture exposure of $3.0 million for any continuing violation arising from a single act or failure to act. In the ordinary course of business, we have received complaints or the FCC has initiated inquiries about whether a limited number of our radio stations have broadcast indecent programming. We also have a few outstanding indecency proceedings against our stations, including a petition to deny our application for renewal of our WSKQ-FM station license.

In July 2010, the United States Court of Appeals for the Second Circuit ("Second Circuit") issued a decision in which it vacated the FCC's indecency policy as unconstitutional. In June 2012, the Supreme Court issued a decision which held that the FCC could not fine ABC and FOX for the specific broadcasts at issue in the case because the FCC had not provided them with sufficient notice of its intent to issue fines for the use of fleeting expletives. The Court also held that the FCC's indecency standards did not violate the First Amendment. In April 2013, the FCC requested comments on its indecency policy, including whether it should ban the use of fleeting expletives or whether it should only impose fines for broadcasts that involve repeated and deliberate use of expletives. The FCC has not issued any decisions regarding indecency enforcement since the Supreme Court's decision was issued, although it has advised that it will continue to pursue enforcement actions in egregious cases while it conducts its review of its indecency policies generally. We cannot predict whether Congress will consider or adopt further legislation in this area.

Simulcasting

The FCC rules prohibit a licensee from simulcasting more than 25% of its programming on another radio station in the same broadcast service (that is, AM/AM or FM/FM). The simulcasting restriction applies if the licensee owns both radio broadcast stations or owns one and programs the other through a local marketing agreement, provided that the contours of the radio stations overlap in a certain manner.

Time Brokerage and Joint Sales Agreements

Occasionally, stations enter into time brokerage agreements or local marketing agreements. Separately owned and licensed stations may agree to function cooperatively in programming, advertising sales and other matters, subject to compliance with the antitrust laws and the FCC's rules and policies, including the requirement that the licensee of each station maintain independent control over the programming and other operations of its own station. Over the past few years, a number of stations have entered into cooperative arrangements commonly known as joint sales agreements, or "JSAs." The FCC has determined that where two radio stations are both located in the same market and a party with a cognizable interest in one such station sells more than 15% of the advertising per week of the other station, that party shall be treated as if it has an attributable interest in that brokered station. JSAs between two television stations are not considered attributable, although as noted above, the FCC has a pending proceeding regarding whether such joint operating arrangements should be considered attributable.

RF Radiation

In 1985, the FCC adopted rules based on a 1982 American National Standards Institute, or "ANSI," standard regarding human exposure to levels of radio frequency, or "RF," radiation. These rules require applicants for renewal of broadcast licenses or modification of existing licenses to inform the FCC at the time of filing such applications whether an existing broadcast facility would expose people to RF radiation in excess of certain limits. In 1992, ANSI adopted a new standard for RF radiation exposure that, in some respects, was more restrictive in the amount of environmental RF radiation exposure permitted. The FCC has since adopted more restrictive radiation limits which became effective October 15, 1997 and which are based in part on the revised ANSI standard.

Terrestrial Digital Radio

The FCC has approved a technical standard for the provision of "in band, on channel" terrestrial digital radio broadcasting by existing radio broadcasters and has allowed radio broadcasters to convert to a hybrid mode of digital/analog operation on their existing frequencies. Digital radio provides additional spectrum segmentation for enhanced data services and additional program streams to complement the existing programming service, which permits new business and multicasting opportunities for radio broadcasters. In January 2010, the FCC adopted procedures that allow FM radio stations to significantly increase their digital power levels above those originally permitted in order to improve the digital service these stations provide.

Low Power Radio Broadcast Service

The FCC has adopted rules establishing two classes of a low power radio service, both of which operate in the existing FM radio band: a primary class with a maximum operating power of 100 watts and a secondary class with a maximum power of 10 watts. These low power radio stations have limited service areas of 3.5 miles and 1 to 2 miles, respectively. Implementation of a low power radio service provides an additional audio programming service that could compete with our radio stations for listeners, but we cannot predict the effect upon us.

Change of Community

The FCC has adopted rules concerning the FM Table of Allotments to allow radio broadcasters to change their community of license more easily. We have evaluated our current licenses to see if a community of license change would be beneficial. We are aware that competitors may use this rule revision to improve their facilities, and other radio operators may use this rule in a way that would make them newly attractive acquisition targets for us.

Cable and Satellite Carriage of Television Broadcast Stations

The Communications Act and implementing FCC regulations govern the retransmission of commercial television stations by cable television systems and direct broadcast satellite, or "DBS," operators. Every three years, each station must elect, with respect to cable systems and DBS operators within its designated market area, or "DMA," either "must carry" status, pursuant to which the cable system's or DBS operator's carriage of the station is mandatory, or "retransmission consent," pursuant to which the station gives up its right to mandatory carriage in order to negotiate consideration in return for consenting to carriage. We have elected "must carry" with respect to our full power television stations. These "must carry" rights are not absolute, and under some circumstances, a cable system or DBS operator may be entitled not to carry a given station. For example, DBS operators are required to carry the signals of all local television broadcast stations requesting carriage only in local markets in which the DBS operator carries at least one signal pursuant to the statutory local-to-local compulsory copyright license.

Neither cable systems nor DBS operators are required to carry more than a station's primary video programming channel. Consequently, the multicast programming streams provided by our Houston television station are not entitled to mandatory carriage pursuant to the digital must-carry rules. In 2011, the FCC released a rulemaking seeking comment on a series of proposals to streamline and clarify the rules concerning retransmission consent negotiations. In a separate proceeding, the FCC has requested comment on whether the definition of MVPD should be expanded to include entities that make available multiple channels of video programming to subscribers through Internet connections. Both proceedings are pending, and we cannot predict what impact, if any, they will have on our negotiations with video programming distributors.

Digital Television Services

As of June 12, 2009, all full-power broadcast television stations were required to cease broadcasting analog programming and convert to all digital broadcasts. The transition to digital television has improved the technical quality of television signals and provides broadcasters the flexibility to offer new services, including high-definition television, broadband data transmission and additional video streams. Our full-power television and Class A television stations have completed construction of their DTV facilities and are currently broadcasting solely on their digital channels. Our full-power television station in Houston also broadcasts several additional video streams. Under current FCC rules, when "must carry" rights apply, cable systems and DBS operators are required to carry only one channel of the digital signal of our television stations, despite the capability of digital broadcasters to broadcast multiple program streams within one station's digital allotment.

Children's Television Programming

The FCC has adopted rules on children's television programming pursuant to the Children's Television Act of 1990. The rules limit the amount and content of commercial matter that may be shown on television stations during programming designed for children 12 years of age and younger and require stations to broadcast on their main program stream three hours per week of educational and informational programming ("E/I programming") designed for children 16 years of age and younger. FCC rules also impose E/I programming requirements on each additional digital multicast program stream transmitted by television stations, with the requirement increasing in proportion to the additional hours of free programming offered on multicast channels. These rules also limit the display during children's programming of Internet addresses of websites that contain or link to commercial material or that use program characters to sell products.

Sponsorship Identification

Both the Communications Act and the FCC rules generally require that, when payment or other consideration has been received or promised to a broadcast licensee for the airing of program material, the station must disclose that fact and identify who paid or promised to provide the consideration at the time of the airing. The FCC has initiated inquiries against several media companies, including our company, concerning sponsorship identification practices with respect to the music recording industry. The FCC has also initiated inquiries against several dozen television stations seeking to determine whether their broadcast of "video news releases" (each, a "VNR") violated the sponsorship identification rules by failing to disclose the source and sponsorship of the VNR materials. At least two television broadcast licensees recently were issued fines by the FCC for violations of the sponsorship ID rules related to VNRs. VNRs are news stories and feature materials produced by government agencies and commercial entities, among others, for use by broadcasters. The FCC also has under consideration rule-making proceedings concerning sponsorship identification issues, such as product placement. Whether any new regulations are ultimately adopted and, if so, the effect of such rules on our operations cannot currently be determined.

Closed Captioning and Video Description Rules

FCC rules require the majority of programming broadcast by television stations to contain closed captions. The rules allow a video programming owner to file a petition for exemption from the rules. We have filed a petition for exemption from the rules based upon a showing of undue burden. During the pendency of an undue burden determination, the video programming subject to the request for exemption is considered exempt from the closed captioning requirement. In January 2012, the FCC adopted rules to require that television programming broadcast or transmitted with captioning include captioning if subsequently made available online, for example, by streaming content on broadcasters' websites. In 2013, the FCC released a rulemaking seeking comments regarding whether the Internet video captioning obligations should apply to brief segments or clips of video programs that are carried on the Internet.

FCC rules also require, in part, that affiliates of the top-four national broadcast networks in the top 25 markets provide a minimum of 50 hours of video-described primetime and/or children's programming each calendar quarter. The requirement to provide video descriptions will ultimately be expanded in 2015 to network affiliates in the top 60 markets.

Commercial Advertisement Loudness Mitigation

New rules enacted by the FCC that require our television broadcast stations to transmit commercials and adjacent programming at the same volume went into effect in December 2012.

Recordkeeping

The FCC rules require broadcast stations to maintain various records regarding operations, including equipment performance records and a log of a station's operating parameters. Broadcast stations must also maintain a public inspection file. Portions of the public inspection files maintained by television stations are hosted on an FCC-maintained website.

Regulation of the Internet

Internet services including websites of our broadcast stations are subject to regulation relating to the privacy and security of personally identifiable user information and acquisition of personal information from children under 13, including the federal Child Online Privacy Protection Act ("COPPA") and the federal Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM"). In addition, a majority of states have enacted laws that impose data security and security breach obligations. Additional federal, state, territorial laws and regulations may be adopted with respect to the Internet or other online services, covering such issues as user privacy, child safety, data security, advertising, pricing, content, copyrights and trademarks, access by persons with disabilities, distribution, taxation and characteristics and quality of products and services.

Repurposing of Broadcast Spectrum for Other Uses

In February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct incentive auctions to recapture certain spectrum currently used by television broadcasters and repurpose it for other uses. On October 2, 2012, the FCC released a Notice of Proposed Rulemaking to begin to develop the rules and procedures to implement incentive auctions authorized by Congress. That rulemaking process remains ongoing.

The incentive auction process would have three components. First, the FCC would conduct a reverse auction by which each television broadcaster may choose to retain its rights to a 6 MHz channel of spectrum or volunteer, in return for payment, to relinquish all of the station's spectrum by surrendering its license; relinquish the right to some of its spectrum and thereafter share spectrum with another station; or modify its UHF channel license to a VHF channel license. Second, in order to accommodate the spectrum reallocated to new users, the FCC will "repack" the remaining television broadcast spectrum, which may require certain television stations that did not participate in the reverse auction to modify their transmission facilities, including requiring such stations to operate on different channels. The FCC has solicited comments on various aspects of the repacking and reimbursement process. The FCC is authorized to reimburse stations for reasonable relocation costs up to a total across all stations of $1.75 billion. In addition, Congress directed the FCC, when repacking television broadcast spectrum, to make reasonable efforts to preserve a station's coverage area and population served. Also, the FCC is prohibited from requiring a station to move involuntarily from the UHF band to the VHF band or from the high VHF band to the low VHF band. The statute does not protect low power stations in the repacking process. Third, the FCC would conduct a forward auction of the relinquished spectrum to new users. The FCC must complete the reverse auction and the forward auction by September 30, 2022, and has announced that as of now it intends to conduct the auction during 2015.

The outcome of the incentive auction and repacking of broadcast television spectrum, or the impact of such items on our business, cannot be predicted.

Proposed and Recent Changes

Congress and the FCC continually consider new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect our operations, ownership and profitability; result in the loss of audience share and advertising revenue; or affect our ability to acquire additional broadcast stations or to finance such acquisitions. We can neither predict what matters might be considered nor judge in advance what impact, if any, the implementation of any of these proposals or changes might have on our business. Such matters may include:

- changes to the license authorization and renewal process;
- proposals to improve record keeping, including enhanced disclosures of stations' efforts to serve the public interest;
- changes to the FCC's equal employment opportunity regulations and other matters relating to the involvement of minorities and women in the broadcasting industry;
- changes to rules relating to political broadcasting including proposals to grant free air time to candidates, and other changes regarding political and nonpolitical program content, funding, political advertising rates, and sponsorship disclosures;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- proposals to restrict or prohibit the advertising of on-line casinos or on-line sports-betting services;
- proposals regarding the regulation of the broadcast of indecent or violent content;
- proposals to require broadcast stations to operate studios in the communities to which they are licensed, which would require construction of new studios, to provide staffing on a 24 hour per day basis, and to increase and/or quantify locally oriented program content and diversity;
- technical and frequency allocation matters, including increased protection of low power FM stations from interference by full-service stations and changes to the method used to allot FM radio frequencies; changes in broadcast, multiple ownership, foreign ownership, cross-ownership and ownership attribution policies;
- proposals to alter provisions of the tax laws affecting broadcast operations and acquisitions;
- proposals to regulate or prohibit payments to stations by independent record promoters, record labels and others for the inclusion of specific content in broadcast programming;
- changes to allow satellite radio operators to insert local content into their programming service;
- service and technical rules for digital radio, including possible additional public interest requirements for terrestrial digital audio broadcasters; and
- proposals to require radio broadcasters to pay royalties to musicians and record labels for the performance of music played on the stations.

Available Information

We are subject to the reporting and other information requirements of the Exchange Act. We file reports and other information with the SEC. Such reports and other information filed by us pursuant to the Exchange Act may be inspected and copied at the public reference facility maintained by the SEC at 100 F Street, N.E., Washington D.C. 20549, on official business days during the hours of 10:00 am to 3:00 pm. If interested, please call 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a website on the Internet containing reports, proxy materials, information statements and other items. The Internet website address is *http://www.sec.gov*.

Our reports, proxy materials, information statements and other information can also be inspected and copied at the offices of the NASDAQ Stock Market, on which our common stock is listed (symbol: SBSA). You can find more information about us at our Internet website located at www.spanishbroadcasting.com and the investor relations section of our website is located at *www.spanishbroadcasting.com*. Our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our Internet website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC.

The information on our Internet website is not, and shall not be deemed to be part of this report or incorporated into any other filings we make with the SEC.

Item 1A. Risk Factors

The following discussion of risk factors contains "forward-looking statements," as discussed in Item 1. "Business". These risk factors may be important to understanding any statement in this Annual Report on Form 10-K or elsewhere. You should carefully consider the risks and uncertainties described below and the other information in connection with evaluating our business and the forward-looking statements in this report. These are not the only risks we face. Additional risks and uncertainties that we are not aware of or that we currently deem immaterial also may impair our business. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected and the trading price of our common stock could decline.

The following information should be read in conjunction with Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* ("MD&A"), and the consolidated financial statements and related notes in Part II, Item 8. *Financial Statements and Supplementary Data* of this report.

Our business routinely encounters and addresses risks, some of which will cause our future results to be different – sometimes materially different – than we presently anticipate. A discussion about important operational risks that our business encounters can be found in the MD&A section and in the business descriptions in Item 1. "Business" of this report. Below, we describe certain important operational and strategic risks. Our reactions to material future developments as well as our competitors' reactions to those developments will affect our future results.

Risks Related to Our Business

We have experienced net losses in the past and, to the extent that we experience net losses in the future, our ability to raise capital may be adversely affected.

We have experienced net losses in the past and in the year ended December 31, 2013, we recorded a net loss available to common stockholders of $8.9 million. Failure to achieve sustained profitability may adversely affect our ability to raise additional capital and our ability to meet our obligations. Our inability to obtain financing in adequate amounts and on acceptable terms necessary to operate our business, repay our debt obligations or finance future acquisitions could negatively impact our business, financial condition, results of operations and cash flows.

If U.S. economic conditions do not improve or deteriorate, our results of operations and cash flow may be adversely affected.

Revenue generated by our media broadcasting stations depends primarily upon the sale of advertising time. Our operating results have been adversely affected by the slow recovery of the U.S. economy from the most recent recession because advertising expenditures, which we believe to be largely a discretionary business expense, generally decrease as the economy slows down. The condition of the U.S. economy remains highly uncertain, with continuing high unemployment and low growth rates, and if the economy does not improve or deteriorates, our results of operations will be adversely affected.

We are particularly dependent on advertising revenues from specific industries, and any failure of those industries to recover could adversely affect our results of operations and cash flow.

The absence of a full recovery in the U.S. economy has caused reductions in advertising revenues from the automotive, retail, financial and other industries. We generate a greater percentage of our advertising revenue from the automotive industry than any other industry, for example, including radio advertising by local automotive dealers and television advertising by manufacturers and dealers. Advertising spending in the automotive industry remains lower than pre-recession levels, and other industries, such as the retail industry, have also not shown significant growth. Our long-term growth strategy and our long-term liquidity depend on recovery in these important industries.

Even in the absence of a general recession or downturn in the economy, an individual business sector that tends to spend more on advertising than other sectors might be forced to reduce its advertising expenditures if that sector experiences a downturn. If that sector's spending represents a significant portion of our advertising revenues, any reduction in its expenditures may affect our revenue.

Current uncertain economic conditions may affect our financial performance or our ability to forecast our business with accuracy.

Our operations and performance depend significantly on the United States and, to a lesser extent, international economic conditions and their impact on purchases of advertising by our clients. We believe that this uncertain economic condition may continue in future periods, as our advertisers alter their purchasing activities in response to the new economic reality, and, among other things, our advertisers may change or scale back future purchases of advertising time. This uncertainty may affect our ability to prepare accurate financial forecasts or meet specific forecasted results. It is currently unclear as to what overall effect the current economic conditions and uncertainties will continue to have on the marketplace and our future business. If we are unable to adequately respond to or forecast further changes in demand for advertising or if current economic conditions persist or deteriorate, our results of operations, financial condition and business prospects may be materially and adversely affected.

Our industry is highly competitive, and we compete for advertising revenue with other broadcast stations, as well as other media, many operators of which have greater resources than we do.

Our industry is highly competitive, and the success of our stations is primarily dependent upon their share of overall advertising revenues within their markets, especially in New York, Los Angeles and Miami. Our broadcast stations compete in their respective markets for audiences and advertising revenues with other broadcast stations of all formats, as well as with other media, such as newspapers, magazines, television, satellite radio, cable services, outdoor advertising, the Internet and direct mail. In addition, any changes in the methods used to determine ratings could result in a downward adjustment in our ratings, which could adversely affect our advertising sales in the markets in which we operate.

Although we believe that each of our broadcast stations is able to compete effectively in its respective market, our stations may be unable to maintain or increase their current audience ratings and advertising revenues. Specifically, radio stations can change formats quickly. Any other radio station currently broadcasting could shift its format to duplicate the format of, or develop a format which is more popular than, any of our stations. If a station converts its programming to a format similar to that of one of our stations, or if one of our competitors strengthens its operations, the ratings and station operating income of our station in that market could be adversely affected. Further, we could also lose some of our on-air personalities, which may adversely affect our competitive position in those markets. In addition, other radio companies which are larger and have more resources may also enter markets in which we operate.

Any of these events could cause our stations' audience ratings, market shares and advertising revenues to decline and any adverse change in a particular market could have a material adverse effect on the financial condition of our business as a whole.

A large portion of our net revenue and operating income currently comes from our New York, Los Angeles and Miami markets.

Our New York, Los Angeles and Miami markets accounted for more than 60% of our net revenue for the year ended December 31, 2013. Therefore, any volatility in our revenues or operating income attributable to stations in these markets could have a significant adverse effect on our consolidated net revenue or operating income. A significant decline in net revenue or operating income from our stations in any of these markets could have a material adverse effect on our financial condition and results of operations.

Since our revenues are concentrated in these markets, an economic downturn, increased competition or another significant negative event in any of these markets could reduce our revenues and results of operations more dramatically than other companies that do not depend as much on these markets.

Cancellations, reductions, delays and seasonality in advertising could adversely affect our net revenues.

We do not generally obtain long-term commitments from our advertisers. As a result, our advertisers may cancel, reduce or postpone orders. Cancellations, reductions or delays in purchases of advertising time could adversely affect our net revenue, especially if we are unable to replace these purchases. Our expense levels are based, in part, on expected future net revenues and are relatively fixed once set. Therefore, unforeseen decreases in advertising sales could have a material adverse impact on our net revenues and operating income.

In addition, we experience fluctuations in our broadcasting revenue primarily due to seasonal variations in advertising expenditures by local, regional and national advertisers, causing our net broadcasting revenues to vary throughout the year. Historically, our first calendar quarter (January through March) has generally produced the lowest net broadcasting revenue for the year because of routine post-holiday decreases in advertising expenditures.

The effects of such seasonality, combined with any other changes in our broadcasting revenue, make it difficult to estimate future operating results based on the previous results of any specific quarter and may adversely affect operating results.

Our growth depends on successfully executing our expansion strategy.

We have pursued, and will continue to pursue, as a growth strategy the expansion of our media business through selective acquisitions and affiliations, primarily in the largest U.S. Hispanic markets, such as our acquisition of a television station in the greater Houston area in 2011. We cannot assure you that our growth strategy will be successful, particularly given that the occurrence of the Voting Rights Triggering Event currently precludes us from incurring additional indebtedness. Our growth strategy is subject to a number of risks, including, but not limited to:

- the limits on our ability to acquire additional stations due to our substantial level of debt and our current inability to incur additional indebtedness resulting from the occurrence of the Voting Rights Triggering Event;
- the need to raise additional financing, which is currently precluded by the occurrence of the Voting Rights Triggering Event;
- our stock price and market conditions in the financial markets;
- the need for required regulatory approvals, including FCC and antitrust approvals;
- the challenges of managing any rapid growth;
- the difficulties of programming newly acquired stations to attract listenership or viewership; and
- general economic conditions affecting the media industry.

Although we intend to pursue selective strategic acquisitions, our ability to do so will be restricted by our current inability to incur additional indebtedness as a result of the occurrence of the Voting Rights Triggering Event, the terms of our debt instruments, and our ability to raise additional funds. Additionally, our competitors, who may not be subject to such financial restrictions and who may have greater resources than we do or existing business in certain markets, may have an advantage over us in pursuing and completing strategic acquisitions that we target.

Our cost-cutting measures may impact our ability to pursue our expansion strategy.

In recent years, we have focused on reducing our operating expenses. This has included restructuring our existing businesses, where we have reduced our workforce and eliminated redundant facilities. Although our cost-cutting measures have successfully reduced expenses, our reduced programming expenses and workforce may make it more difficult to take advantage of opportunities for growth in the future.

The success of our radio stations depends on the popularity and appeal of our content, which is difficult to predict.

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. Various factors could impact the popularity of our content, including shifts in population, station listenership, demographics, audience tastes and fluctuations in preferred advertising media. The success of our radio stations depends on our ability to consistently create, acquire, market and broadcast content that meets the changing preferences of this broad consumer market. If we are not successful at maintaining and growing the popularity of our content, our operating results may be adversely affected.

The success of our television operation depends upon our ability to attract viewers and advertisers to our broadcast television operation.

Although we recorded positive consolidated operating income for our television segment in 2013 under our indenture governing our Notes, our television segment was not profitable per GAAP and may not achieve profitability in the future. We cannot assure you that we will be able to attract viewers and advertisers to our broadcast television operation. If we cannot attract viewers, our television operation may suffer from low ratings, which in turn may deter potential advertisers. The inability to successfully attract viewers and advertisers may adversely affect our revenue and operating results for our television operation. Television programming is a highly competitive business. Television stations compete in their respective markets for audiences and advertising revenues with other stations and larger, more established networks. As a result of this competition, our rating share may not grow, and an adverse change in our local markets could have a material adverse impact on the revenue of our television operation.

The success of the television operation is largely dependent on certain factors, such as the extent of distribution of the developed programming, the ability to attract viewers and advertisers, the ability to acquire programming, and the market and advertiser acceptance of our programming. We may not be successful in our initiatives, and our initiatives may fail to generate revenues and may ultimately be unprofitable.

If we do not record positive consolidated station operating income for our television segment for any applicable period, beginning on April 15, 2013, additional interest will be payable on our 12.5% senior secured notes due 2017 in cash at a rate of 2.00% per annum (the "Additional Interest") on (i) the original principal amount of our 12.5% senior secured notes due 2017 plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period. Please see "Risks Related to Our Indebtedness and Preferred Stock" for further discussion related to our 12.5% senior secured notes due 2017. We recorded positive consolidated station operating income for our television segment for the four fiscal quarter period ended on December 31, 2013.

The loss of distribution agreements could materially adversely affect our results of operations.

Our MegaTV television operation has entered into station distribution agreements that allow us to serve markets representing over 3.5 million Hispanic households. One of these agreements expires within the next year if not renewed. If our distribution agreements are terminated or not extended, our ability to reach our viewers and receive licensing fees may be adversely affected, which could adversely affect our business, financial condition and results of operations. Although we expect to renew these agreements or make other arrangements to reach viewers, there is no assurance that we will be able to do so. We receive advertising inventory from our affiliated stations, either in the form of stand-alone advertising time within a specified time period or commercials inserted by MegaTV into its programming. In addition, primarily with respect to Multichannel Video Programming Distributors, we receive a fee for providing such programming. The loss of distribution agreements of our MegaTV television operation could adversely affect our results of operations by reducing the reach of our network programming and, therefore, its attractiveness to advertisers. Renewal on less favorable terms may also adversely affect our results of operations through the reduction of advertising revenue and fees.

The failure or destruction of satellites and transmitter facilities that we depend upon to distribute our programming could materially adversely affect our business and results of operation.

We use studios, satellite systems, transmitter facilities and the Internet to originate and/or distribute our station and network programs and commercials to affiliates. We rely on third-party contracts and services to operate our origination and distribution facilities. These third-party contracts and services include, but are not limited to, electrical power, satellite transponders, uplinks and downlinks and telecom circuits. Distribution may be disrupted due to one or more third parties losing their ability to provide particular services to us, which could adversely affect our distribution capabilities. A disruption can be caused as a result of any number of events such as local disasters (accidental or environmental), various acts of terrorism, power outages, major telecom connectivity failures or satellite failures. Our ability to distribute programming to station audiences and/or network affiliates may be disrupted for an undetermined period of time until alternate facilities are engaged and put on-line. Furthermore, until third-party services resume, the inability to originate or distribute programming could have a material adverse effect on our business, results of operations and cash flows.

Increased use by consumers of new technologies may decrease viewership of advertisements, result in decreased advertising revenues for our television stations, and have a negative effect on our business.

Technology in the broadcast, entertainment and Internet industries is changing rapidly. Advances in technologies or alternative methods of content delivery, as well as certain changes in consumer or advertiser behavior driven by changes in these or other technologies and methods of delivery, could have a negative effect on our business. Examples of such advances in technologies include video-on-demand, satellite radio, video games, DVD players and other personal video and audio systems, wireless devices, text messaging, streaming video, and downloading from the Internet. For example, devices that allow users to view or listen to television or radio programs on a time-delayed basis, and technologies which enable users to fast-forward or skip advertisements altogether, such as DVRs (e.g., TiVo), Aereo, the Dish Network Hopper and portable digital devices, may cause changes in consumer behavior that could affect the perceived attractiveness of our services to advertisers, and could adversely affect our advertising revenue and our results of operations. In addition, further increases in the use of portable digital devices which allow users to view or listen to content of their own choosing, in their own time, while avoiding traditional commercial advertisements, could adversely affect our advertising revenue and our results of operations.

The entry by certain telecommunications companies into the video services delivery market, and the launch of over-the-top providers that deliver programming to viewers over the Internet has increased, and may continue to increase, competitive demand for programming. Other cable providers and direct-to-home satellite operators are developing new video compression technologies that allow them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating such channels and potentially leading to increased competition for viewers in some of our markets. More television options increase competition for viewers, and competitors targeting programming to narrowly defined audiences may gain an advantage over us for television advertising and subscription revenues. Our ability to adapt to changes in technology on a timely and effective basis and exploit new sources of revenue from these changes may affect our business prospects and results of operations.

We must be able to respond to rapidly changing technology, services and standards which characterize our industry in order to remain competitive.

The broadcasting industry is subject to technological change, evolving industry standards and the emergence of new media technologies and services. For example, the FCC has implemented new technologies in the broadcast industry, including satellite and terrestrial delivery of digital audio broadcasting and the standardization of available technologies that significantly enhance the sound quality of AM and FM broadcasts. In some cases, our ability to compete will be dependent on our acquisition of new technologies and our provision of new services, and we cannot assure you that we will have the resources to acquire those new technologies or provide those new services. In other cases, the introduction of new technologies and services could increase competition and have an adverse effect on our revenue. Recent new media technologies and evolving services include the following:

- satellite-delivered digital audio radio service, which has resulted in a satellite radio service with multichannel programming and enhanced sound quality;
- audio programming by cable television operators, direct broadcast satellite systems, personal communications and wireless systems, Internet content providers, internet radio stations and other digital audio broadcast formats;
- new, diverse and evolving forms of video and audio program distribution offered through the Internet;
- direct satellite broadcast television companies that supply subscribers with several high quality music channels;
- the introduction of in-band on-channel digital radio provides multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services;
- portable digital devices and systems that permit users to listen to programming on a time-delayed basis and to fast-forward through programming and/or advertisements;
- the provision of digital audio and video content for listening and/or viewing on the Internet and/or available for downloading or streaming to portable devices; and
- low-power FM radio, which could result in additional FM radio broadcast stations in markets where we have stations.

We cannot predict the effect, if any, that competition arising from new technologies may have on the broadcasting industry or on our business. To compete with services using new technologies, we may be required to make significant investments to adopt those technologies, acquire companies that use those technologies or upgrade our own services to compete effectively. We may be unable to make these investments, or we may incur significant expenditures and still fail to achieve the competitive gains we seek. Any of these circumstances could have a material adverse effect on our financial condition and results of operations and on the execution of our strategy.

Our business is dependent upon the performance of key employees, on-air talent and program hosts. Cost increases in the retention of such employees may adversely affect our profits.

Our business depends upon the efforts, abilities and expertise of our executive officers and other key employees, including on-air talent, and our ability to hire and retain qualified personnel. We employ or independently contract with several on-air personalities and hosts with significant loyal audiences in their respective markets. Although we have entered into long-term agreements with some of our key on-air talent and program hosts to protect our interests in those relationships, these key on-air personalities and program hosts may not remain with us or may not retain their audiences. Competition for these individuals is intense, and many of our key employees are at-will employees who are under no legal obligation to remain with us. Our competitors may choose to extend offers to any of these individuals on terms which we may be unwilling to meet. In addition, any or all of our key employees may decide to leave for a variety of personal or other reasons beyond our control. Furthermore, the popularity and audience loyalty of our key on-air talent and program hosts is highly sensitive to rapidly changing public tastes. A loss of such popularity or audience loyalty is beyond our control and could limit our ability to generate ratings and revenues.

The loss of any of these executive officers and key employees, particularly Raúl Alarcón, Chairman of our Board of Directors, Chief Executive Officer and President, could have a material adverse effect on our business. We do not maintain key man life insurance on any of our personnel.

We produce and acquire programming and content and incur costs for all types of creative talent, including on-air talent, programming and production personnel. An increase in the costs of such programming and content or in the costs for creative talent may lead to decreased profitability.

Impairment of our goodwill and other intangible assets deemed to have indefinite useful lives can cause our net income or net loss to fluctuate significantly.

As of December 31, 2013, we had approximately $355.9 million of unamortized intangible assets, including goodwill of $32.8 million and FCC broadcast licenses of $323.1 million on our consolidated balance sheet. These unamortized intangible assets represented approximately 77% of our total assets. Accounting standards require that goodwill and other intangible assets deemed to have indefinite useful lives, such as FCC broadcast licenses, cease to be amortized. Accounting standards require that goodwill and certain intangible assets be tested at least annually for impairment. If we find that the carrying value of goodwill or FCC broadcast licenses exceeds their fair value, we will reduce the carrying value of the goodwill or intangible asset to the fair value and will recognize an impairment loss in our results of operations.

We currently account for our FCC broadcast licenses as indefinite-lived assets. In the event we are no longer able to conclude that our FCC broadcast licenses have indefinite lives, we may be required to amortize such licenses. The amortization of our FCC broadcast licenses would affect our earnings and earnings per share.

The impairment tests require us to make estimates of the fair value of our intangible assets, which is determined by using a discounted cash flow methodology. Since a number of factors may influence the fair value of our intangible assets, we are unable to predict whether impairments of goodwill or other indefinite lived intangibles will occur in the future. From time to time in the past, we have incurred significant impairment charges, which have materially adversely affected our results of operations.

Any future impairments would result in our recognizing a corresponding operating loss, which could have an adverse effect on our business, financial condition and results of operations.

Piracy of our programming and other content, including digital and internet piracy, may decrease revenue received from the exploitation of our programming and other content and adversely affect our business and profitability.

Piracy of programming is prevalent in many parts of the world and is made easier by technological advances allowing conversion of programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of our content. We believe that the proliferation of unauthorized copies and piracy of these products, particularly in South America, has an adverse effect on our business and profitability because these products reduce the revenue that we potentially could receive from the legitimate sale and distribution of our media content.

Damage to our brands or reputation could adversely affect our company.

Our brands and our reputation are among our most important assets. Our ability to attract and retain advertisers for our broadcast stations depends, in part, upon the external perceptions of our company, our ability to produce attractive programming, the strength of our audience and our integrity. Damage to our brands or reputation or negative publicity or perceptions about us, either through infringement of our brands, intellectual property or otherwise, could cause a loss of consumer or advertiser confidence in our company and may adversely affect our financial condition.

Our business may be adversely affected by legal or governmental proceedings brought by or on behalf of our employees.

In recent years, a number of employers, including us, have been subject to lawsuits, including alleging violations of federal and state law regarding workplace, wage-hour and employment discrimination matters, class action lawsuits, and a number of these lawsuits have resulted in the payment of substantial damages by the defendants. We could also face potential liability if we are found to have misclassified certain employees as exempt from the overtime requirements of the federal Fair Labor Standards Act and state labor laws, or for having classified certain personnel as contractors and not as employees under applicable law. We have had and now have some employment-related administrative proceedings and lawsuits pending against us, although none involving class allegations and none that we believe to be material.

Raúl Alarcón, the Chairman of our Board of Directors, Chief Executive Officer and President, has majority voting control and this control may discourage or influence certain types of transactions or strategic initiatives.

Raúl Alarcón, Chairman of our Board of Directors, Chief Executive Officer and President, beneficially owns shares of common stock representing approximately 83% of the combined voting power of our outstanding shares of common stock as of December 31, 2013. As a result, Mr. Alarcón generally has the ability to control the outcome of all matters requiring stockholder approval, including the election of our entire Board of Directors, mergers and acquisitions and sales of all or substantially all of our assets. In addition, Mr. Alarcón's voting power may allow him to have a greater influence on our corporate strategy.

We cannot assure you that Mr. Alarcón will maintain all or any portion of his ownership or that he would continue as an officer or director if he sold a significant part of his stock. Further, the disposition by Mr. Alarcón of a sufficient number of shares could result in a change in control of our company, which could trigger a variety of federal, state and local regulatory consent requirements and potentially limit our utilization of net operating losses for income tax purposes, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are a "controlled company" within the meaning of the NASDAQ listing rules and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Because Mr. Alarcón owns a majority of the voting power of our outstanding common stock, we are a "controlled company" within the meaning of the NASDAQ listing rules. As a result, we qualify for, and rely upon, the "controlled company" exception to the board of directors and committee composition requirements under the NASDAQ corporate governance requirements. As a "controlled company," we are exempt from the requirements to have (i) a majority of independent directors on our Board of Directors, (ii) compensation and nominating committees composed solely of independent directors, (iii) the compensation of executive officers determined by a majority of the independent directors or a compensation committee composed solely of independent directors, and (iv) director nominees selected or recommended to the Board of Directors for selection, either by a majority of the independent directors, or a nominating committee composed solely of independent directors. We intend to use these exemptions, and as a result, do not currently have a nominating committee. However, we do have a Board of Directors composed of a majority of independent directors and an audit committee and compensation committee composed solely of independent directors.

The liquidity of our common stock could be adversely affected if we are delisted from the NASDAQ Capital Market.

Delisting from NASDAQ would make trading our common stock more difficult for investors, potentially leading to further declines in our share price. Without a NASDAQ listing, stockholders may have a difficult time getting a quote for the sale or purchase of our stock, the sale or purchase of our stock would likely be made more difficult and the trading volume and liquidity of our stock would likely decline. In addition to having an adverse effect on the liquidity of our Class A common stock, delisting from NASDAQ would also result in negative publicity and would also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our Class A common stock as currency or the value accorded by other parties. Any impact on our ability to raise equity capital could adversely affect our ability to execute our long-term business strategy, including any efforts to use equity capital to finance selective acquisitions, reduce our indebtedness or fund our operations.

Risks Related to Legislative and Regulatory Matters

Changes in U.S. communications laws or other regulations may have an adverse effect on our business.

The television and radio broadcasting and distribution industries in the United States are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC. The television and radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act. For example, we are required to obtain, and periodically renew, licenses from the FCC to operate our radio and television stations. The FCC may not approve our future renewal applications, or it may approve them for less than the full term or subject to conditions or qualifications. The FCC broadcasting license for our flagship WSKQ-FM station, which accounts for a material portion of our net revenue, expired on June 1, 2006. The FCC has yet to take action on our application to renew this license, which is opposed by several parties who allege, among other things, that WSKQ-FM has broadcast indecent material. In February 2014, license renewal applications for stations located in New York were due and we filed another application to renew these licenses. Although the station continues to operate under its expired license pursuant to FCC rules, until the FCC takes action on the renewal applications (the FCC grants renewal of broadcast licenses in the great majority of cases), we cannot be assured that the license will be renewed on favorable terms or at all. The nonrenewal, or renewal with substantial conditions or modifications, of one or more of our licenses (including the license for our WSKQ-FM station) could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We must also comply with extensive FCC regulations and policies in the ownership and operation of our television and radio stations and our television network. FCC regulations limit the number of television and radio stations that a licensee can own in a market and the household reach of television stations nationwide. Under the Communications Act, every three years each television broadcast station is required to elect to exercise the right, either to require cable television system and Direct Broadcast Satellite ("DBS") operators in its local market to carry its signal (must carry), or to prohibit carriage or condition it upon payment of a fee or other consideration. These "must carry" rights are not absolute, and under some circumstances, a cable system or DBS operator may be entitled not to carry a given station. The FCC's current rules require cable and DBS operators to carry only one channel of the digital signal of our television stations, despite the capability of digital broadcasters to broadcast multiple program streams within one station's digital allotment. Cable systems and DBS operators may not continue to carry our owned or affiliated television broadcast stations. The failure of a cable system or DBS operator to carry one of our owned or affiliated television stations could have a material adverse effect on our revenues.

The U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation and ownership of our radio and television properties. For example, from time to time, proposals have been advanced in the U.S. Congress and at the FCC to require radio and television broadcast stations to provide advertising time to political candidates for free or at a reduced charge. Any restrictions or reductions in rates on political advertising may adversely affect our advertising revenues. The FCC has initiated a proceeding to examine and potentially regulate more closely embedded advertising, such as product placement and product integration. Enhanced restrictions affecting these means of delivering advertising messages may adversely affect our advertising revenues. The FCC is currently engaged in a review of its media ownership rules. Changes to the media ownership and other FCC rules may affect the competitive landscape in ways that could increase the competition faced by us. We are unable to predict the effect that any such laws, regulations or policies may have on our operations.

The FCC's National Broadband Plan may result in a loss of spectrum for our stations and potentially adversely impact our ability to compete.

In February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct incentive auctions to recapture certain spectrum currently used by television broadcasters and repurpose it for other uses. In October 2012, the FCC released a Notice of Proposed Rulemaking to begin to develop the rules and procedures to implement incentive auctions authorized by Congress. That rulemaking process remains ongoing.

The incentive auction process would have three components. First, the FCC would conduct a reverse auction by which each television broadcaster may choose to retain its rights to a 6 MHz channel of spectrum or volunteer, in return for payment, to relinquish all of the station's spectrum by surrendering its license; relinquish the right to some of its spectrum and thereafter share spectrum with another station; or modify its UHF channel license to a VHF channel license. Second, in order to accommodate the spectrum reallocated to new users, the FCC will "repack" the remaining television broadcast spectrum, which may require certain television stations that did not participate in the reverse auction to modify their transmission facilities, including requiring such stations to operate on different channels. In addition, Congress directed the FCC, when repacking television broadcast spectrum, to make reasonable efforts to preserve a station's coverage area and population served. Also, the FCC is prohibited from requiring a station to move involuntarily from the UHF band to the VHF band or from the high VHF band to the low VHF band. The statute does not protect low power stations in the repacking process. Third, the FCC would conduct a forward auction of the relinquished spectrum to new users. The FCC must complete the reverse auction and the forward auction by September 30, 2022, and has announced that as of now it intends to conduct the auction during 2015.

The outcome of the incentive auction and repacking of broadcast television spectrum, or the impact of such items on our business, cannot be predicted.

Proposed legislation would require radio broadcasters to pay royalties to record labels and recording artists.

Legislation was introduced in past Congressional sessions that would require radio broadcasters to pay a royalty to record labels and performing artists for use of their recorded songs. The legislation failed to pass and has been reintroduced in the current Congress. Currently, we pay royalties to song composers and publishers through Broadcast Music, Inc., the American Society of Composers, Authors and Publishers and SESAC, Inc. The proposed legislation would add an additional layer of royalties to be paid directly to the record labels and artists. In addition, radio and recording industry representatives have entered into negotiations that may result in an agreement to resolve the performance fee issue. It is currently unknown what proposed legislation, if any, will become law, whether industry groups will enter into an agreement with respect to fees, and what significance this royalty would have on our results from operations, cash flows or financial condition.

The FCC vigorously enforces its indecency and other program content rules against the broadcast industry, which could have a material adverse effect on our business.

The FCC's rules and regulations prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6:00 a.m. and 10:00 p.m. Broadcasters risk violating the prohibition against broadcasting indecent/profane material because of the vagueness of the FCC's indecency/profanity definition, coupled with the spontaneity of live programming. The FCC vigorously pursues its enforcement activities as they apply to indecency and has threatened on more than one occasion to initiate license revocation or license renewal proceedings against a broadcast licensee who commits a "serious" indecency violation. The FCC has substantially increased its monetary penalties for violations of these regulations pursuant to law enacted in 2006 that provides the FCC with authority to impose fines of up to $325,000 per incident or profane utterance with a maximum forfeiture exposure of $3.0 million for any continuing violation arising from a single act or failure to act. Moreover, the FCC has in some instances imposed separate fines for each allegedly indecent "utterance," in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation.

In July 2010, the United States Court of Appeals for the Second Circuit ("Second Circuit") issued a decision in which it vacated the FCC's indecency policy as unconstitutional. In June 2012, the Supreme Court issued a decision which held that the FCC could not fine ABC and Fox for the specific broadcasts at issue in the case because the FCC had not provided them with sufficient notice of its intent to issue fines for the use of fleeting expletives. However, the Court did not make any substantive ruling regarding the FCC's indecency standards. In April 2013, the FCC requested comments on its indecency policy, including whether it should ban the use of fleeting expletives or whether it should only impose fines for broadcasts that involve repeated and deliberate use of expletives. The FCC has not issued any decisions regarding indecency enforcement since the Supreme Court's decision was issued, although it has advised that it will continue to pursue enforcement actions in egregious cases while it conducts its review of indecency policies generally. We cannot predict whether Congress will consider or adopt further legislation in this area.

In addition, the FCC's heightened focus on the indecency regulatory scheme against the broadcast industry generally may encourage third parties to oppose our license renewal applications or applications for consent to acquire broadcast stations. A number of inquiries or proceedings regarding alleged violations of the FCC's indecency policy by our stations are currently pending, including a motion in opposition to the renewal of one of our material broadcast licenses. In addition, we have in the past been the subject and may in the future become subject to additional inquiries or proceedings related to our stations' broadcast of allegedly indecent or obscene material. To the extent that these pending inquiries or other proceedings result in the imposition of fines, revocation of any of our station licenses or denials of license renewal applications, our results of operations and business could be materially adversely affected. We also face increased potential costs in the form of fines for indecency violations, and we cannot predict whether Congress will consider or adopt further legislation in this area.

Our businesses depend upon licenses issued by the FCC, and if any of those licenses were not renewed or we were to be out of compliance with FCC regulations and policies, our business may be materially impaired.

Our businesses depend upon maintaining their broadcasting licenses issued by the FCC, which are issued currently for a maximum term of eight years and are subject to renewal thereafter. Interested parties may challenge a renewal application. On rare occasions, the FCC has revoked licenses, not renewed them, or renewed them with significant qualifications, including renewals for less than a full term of eight years. A few of our stations are operating on expired licenses while their applications for renewal remain pending, and certain of our other broadcast licenses will expire and require renewal in the near future. We cannot be certain that our future renewal applications will be approved or that the renewals will not include conditions or qualifications that could adversely affect our operations or result in material impairments, which could adversely affect our business, financial condition, results of operations and cash flows. If any of our FCC licenses are not renewed, we could be prevented from operating the affected station and generating revenue from it.

Further, the FCC has a general policy restricting the transferability of a station license while a renewal application for that station is pending, and we must comply with extensive FCC regulations and policies governing the ownership and operation of our stations. FCC regulations limit the number of radio and television stations that a licensee can own in a market, which could restrict our ability to consummate future transactions. The FCC's rules governing our radio station operations impose costs on their operations, and changes in those rules could have an adverse effect on our business, financial condition, results of operations and cash flows. The FCC also requires radio stations to comply with certain technical requirements to limit interference between two or more radio stations. If the FCC relaxes these technical requirements, it could impair the signals transmitted by our radio stations and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Moreover, governmental regulations and policies may change over time, and the changes may have a material adverse impact upon our business, financial condition and results of operations.

There is significant uncertainty regarding the FCC's media ownership rules, and such rules could restrict our ability to acquire radio stations.

The Communications Act and FCC rules and policies limit the number of broadcasting properties that any person or entity may own (directly or by attribution) in any market and require FCC approval for transfers of control and assignments of licenses. The FCC's media ownership rules remain in flux and subject to further agency and court proceedings. On July 7, 2011, the United States Court of Appeals for the Third Circuit upheld the FCC's last media ownership review order, to the extent that the FCC retained most of its media ownership rules, and vacated the portion of that order that sought to relax restrictions on common ownership of broadcast stations and daily newspapers. In December 2011, the FCC issued a Notice of Proposed Rulemaking ("NPRM") as part of its 2010 quadrennial review of its media ownership rules. The NPRM proposes to leave in place most of the current rules but does tentatively propose to revise the prohibition against owning a daily newspaper and a broadcast station in the largest markets and proposes to eliminate the radio-television cross-ownership rule, which restricts the number of television and radio stations an entity can own in a market. In addition to the FCC media ownership rules, the outside media interests of our officers and directors could limit our ability to acquire stations. The filing of petitions or complaints against us or any of our license-holding subsidiaries, or any FCC license from which we are acquiring a station, could result in the FCC delaying the grant of, or refusing to grant or imposing conditions on, its consent to the assignment or transfer of control of licenses. The Communications Act and FCC rules and policies also impose limitations on non-U.S. ownership and voting of our capital stock. In 2013, however, the FCC issued a declaratory ruling that notwithstanding its past practices it will consider on a case-by-case basis requests for approval of acquisitions by aliens of in excess of 25% of the stock of the parent of a broadcast licensee. In acting upon such a request, the FCC will coordinate with Executive Branch agencies on national security, law enforcement, foreign policy, and trade policy issues. In addition, where proposed acquisitions might result in local radio advertising revenue concentration, the Department of Justice and/or the Federal Trade Commission could undertake their own reviews and could attempt to block or place restrictions or conditions on such transactions.

New or changing federal, state or international privacy legislation or regulation could hinder the growth of our internet business.

A variety of federal and state laws govern the collection, use, retention, sharing and security of consumer data that our internet business uses to operate its services and to deliver certain advertisements to its customers, as well as the technologies used to collect such data. Not only are existing privacy-related laws in these jurisdictions evolving and subject to potentially disparate interpretation by governmental entities, new legislative proposals affecting privacy are also now pending at both the federal and state level in the United States. Changes to the interpretation of existing law or the adoption of new privacy-related requirements could hinder the growth of our internet business. Also, a failure or perceived failure to comply with such laws or requirements or with our own policies and procedures could result in significant liabilities, including a possible loss of consumer or investor confidence or a loss of customers or advertisers.

Risks Related to Our Indebtedness and Preferred Stock

As a result of our not having sufficient funds legally available to repurchase our Series B preferred stock upon request on October 15, 2013, a Voting Rights Triggering Event occurred and our business is subject to significant restrictions.

As a result of the Voting Rights Triggering Event, the holders of the Series B preferred stock have the right to elect two members to our Board of Directors. The right to elect the two new directors may be exercised initially either at a special meeting of the holders of Series B preferred stock or at any annual meeting of the stockholders held for the purpose of electing directors. On March 11, 2014, the Company received a request from LBHI, stating that it held more than 10% of the Series B preferred stock, and requesting that the Company call a special meeting of the preferred Series B stockholders, for the purpose of electing two directors.

Until the Voting Rights Triggering Event is remedied or waived, our business is subject to significant restrictions, unless such restrictions are waived or amended or our Series B preferred stock are refinanced on different terms. Waiving or amending the restrictions described below would require the approval of at least a majority of the shares of the then-outstanding Series B preferred stock and, in certain instances, may require the consent of each holder of Series B preferred stock affected. Under these restrictions, among other things:

- we are unable to incur any indebtedness, even in the ordinary course of our business;
- our ability to undertake investments or make restricted payments is significantly limited; and
- we are unable to undertake certain mergers and consolidations.

These restrictions could have a material adverse effect on our business, financial condition and results of operations.

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 funds legally available to be able to satisfy the conditions for terminating the Voting Rights Triggering Event.

Directors elected by the holders of Series B preferred stock may not represent all stockholders.

If the holders of the Series B preferred stock elect two directors to the Board of Directors, those newly-elected directors may act primarily in the interests of the holders of the Series B preferred stock and not in the interest of all stockholders. This could have a material adverse effect on the Company.

Our obligations under our Series B preferred stock and our substantial indebtedness under our 12.5% senior secured notes due 2017 could adversely affect our financial condition.

Our consolidated debt is substantial and we are highly leveraged, which could adversely affect our financial condition and limit our ability to grow and compete. In addition, the occurrence of the Voting Rights Triggering Event will hamper our operations.

The occurrence of the Voting Rights Triggering Event and our high level of debt and long-term liabilities could have important consequences to the holders of our securities, including the following:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- limiting and/or precluding our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete; and
- placing us at a disadvantage compared to our competitors.

Our ability to generate sufficient cash flow from operations to pay the principal, premium, if any, and interest on our indebtedness and to pay the liquidation preference and cash dividend obligations under our Series B preferred stock, respectively, is uncertain. Our future debt service obligations could exceed the amount of our available cash. In addition, the Indenture that governs the Notes and the occurrence of the Voting Rights Triggering Event limit our ability to engage in activities that may be in our long-term best interest.

Upon a change of control, we must offer to repurchase all or a portion of our Series B preferred stock, in cash, at a premium to its liquidation value.

The terms of our Series B preferred stock require us, in the event of a change of control, to offer to repurchase all or a portion of a holder's shares at an offer price in cash equal to 101% of the liquidation preference of the shares, plus an amount in cash equal to all accumulated and unpaid dividends on those shares up to but excluding the date of repurchase. We do not currently have and we may not have in the future sufficient funds legally available to make such repurchases.

As a result of our not having sufficient funds legally available to repurchase our Series B preferred stock upon request on October 15, 2013, our preferred stockholders have commenced legal action to require us to make such repurchase.

Since we did not have sufficient funds legally available to repurchase our Series B preferred stock upon request in 2013, our Series B preferred stockholders have commenced legal action to try to require us to do so. We can only make such repurchases out of legally available funds. The determination of whether we have legally available funds to effect a repurchase is made by our Board of Directors based on all available information as of such time, including management's recommendation, the recommendations of third party advisors, the facts and circumstances, contractual commitments and restrictions at that time, including the covenants under the Indenture governing the Notes, and pursuant to the Delaware General Corporation Law.

We have strong arguments against any claim (whether relating to the legal availability of funds or otherwise) that the holders of the Series B preferred stock have brought, but we cannot predict with certainty how any given court might rule. Even if challenges by the holders of the Series B preferred stock are unsuccessful, the litigation itself is likely to be costly, and will divert management's attention from our ongoing business.

We are prevented by the covenants in our Series B preferred stock from refinancing any debt instruments.

We are currently prohibited under the terms of our Series B preferred stock from incurring any indebtedness. If the Voting Rights Triggering Event is continuing at the time that our other indebtedness matures, we would be prohibited by the terms of the Series B preferred stock from refinancing such other indebtedness. Under those circumstances, if we were unable to obtain a waiver or amendment to the Series B preferred stock or to refinance the Series B preferred stock on different terms, we might not be able to satisfy our obligations with respect to such other indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes and our liabilities under our Series B preferred stock, and we may be forced to take other actions to satisfy our obligations under our indebtedness and Series B preferred stock, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the Notes and our obligations under our Series B preferred stock, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness and to pay our obligations under our Series B preferred stock.

If our cash flows and capital resources are insufficient to fund our debt service obligations and our obligations under our Series B preferred stock, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. Any such disposition of assets may also be subject to FCC approval, which we may not be able to obtain. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all, and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations or our obligations with respect to our Series B preferred stock. The indenture that governs the Notes restricts our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness or obligations when they become due. Accordingly, we may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due or to meet our obligations with respect to our Series B preferred stock.

In addition, we conduct a substantial portion of our operations through our subsidiaries. Accordingly, repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, even though payments of principal and interest on the notes are permitted. Each subsidiary is a distinct legal entity, and under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture that governs the Notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations.

The terms of the Indenture that governs the Notes, the terms of the Series B preferred stock and the occurrence of the Voting Rights Triggering Event restrict our current and future operations, particularly our ability to respond to changes or take certain actions.

The terms of our Series B preferred stock and the Indenture that governs the Notes contain restrictive covenants that impose significant restrictions on us and may limit, or prevent (in the case of the Voting Rights Triggering Event), our ability to engage in acts that may be in our long-term best interest, including restrictions or prohibitions on our ability to:

- incur additional indebtedness (prohibited during the continuation of a Voting Rights Triggering Event);
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to satisfy our current obligations;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities, including acquisition opportunities.

These restrictions may affect our ability to grow in accordance with our plans, which could have an adverse effect on our business, financial condition, results of operations and cash flow.

The restrictions contained in the terms of our Series B preferred stock and in the Notes are subject to a number of exceptions, but even with these exceptions, our ability to take certain actions is significantly limited. In addition, many of the exceptions to the restrictions contained in the terms of our Series B preferred stock are unavailable due to the occurrence of the Voting Rights Triggering Event, as described above under "*As a result of our not having sufficient funds legally available to repurchase our Series B preferred stock upon request on October 15, 2013, a Voting Rights Triggering Event occurred and our business is subject to significant restrictions.*"

Further, a breach of the covenants under the Indenture that governs the Notes could result in an event of default under the Indenture. Such default may allow the noteholders to accelerate the Notes and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event our noteholders accelerate the repayment of our debt, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

The interest rate on the Notes will increase if the company does not comply with certain financial or operational covenants in the Indenture governing the Notes.

Beginning on April 15, 2013, additional interest will be payable in cash at a rate of 2.00% per annum (the "Additional Interest") on (i) the original principal amount of the Notes plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period, unless (a) we have recorded positive consolidated station operating income for our television segment or (b) our secured leverage ratio on a consolidated basis is less than 4.75 to 1.00. The Additional Interest service obligations would reduce the amount of cash we have available for our operations and to satisfy our other obligations, which could have a material adverse effect on us.

Under the terms of the Notes, we have the right to accrue the Additional Interest instead of paying such Additional Interest in cash. If we do not pay the Additional Interest in cash, the holders of the Series B preferred stock might claim that such accrual of interest is an incurrence of indebtedness not permitted by the Certificate of Designations. In such case, the holders of the Series B preferred stock may commence legal action to seek damages from us. We would have strong arguments against any such claim.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Each of our media segments requires offices, broadcasting studios, and transmission facilities to support our operations. Our properties are primarily located in owned facilities, as summarized below:

Location	Aggregate size of property in square feet (approximate) (1)	Owned or leased	Lease expiration date
New York, NY (2)	12,100	Owned	N/A
Los Angeles, CA (3)	40,000	Owned	N/A
Miami, FL (4)	70,000	Owned	N/A
Guaynabo, PR (5)	29,000	Owned	N/A

(1) Excludes properties owned or leased that are less than 12,000 square feet.
(2) Facility is used for the offices and studios for our New York radio stations and certain internet and television operations.
(3) Facility is used for the offices and studios for our Los Angeles radio stations and certain internet and television operations.
(4) Facility is used as the principal site for our television, internet and Miami radio studios, production, operation, and sales offices. Our corporate offices are also in this facility.

(5) Facility is used for the offices, operations and studios of our Puerto Rico broadcast stations and television operations.

In addition, we own the transmitter sites for five of our eleven radio stations in Puerto Rico. We also own a tower site in Signal Hill, California where we lease space to a public broadcast station and other members of the telecommunications industry.

We lease (i) all of our other transmitter sites, with lease terms that expire between 2014 and 2044, assuming all renewal options are exercised, and (ii) the office and studio facilities for our radio stations in Chicago and San Francisco.

We lease backup transmitter facilities for our stations WSKQ-FM and WPAT-FM in New York, KLAX-FM and KXOL-FM in Los Angeles, WLEY-FM in Chicago, WRMA-FM, WCMQ-FM and WXDJ-FM in Miami, and KRZZ-FM in San Francisco.

We own the back-up transmitter site in San Juan, Puerto Rico for the five radio stations covering the San Juan metropolitan area. These backup transmitter facilities are a significant part of our disaster recovery plan to continue broadcasting to the public and to maintain our stations' revenue streams in the event of an emergency. We have a backup studio site for KRZZ-FM serving the San Francisco market in San Jose.

We own most of the properties used for the operations of our television stations. These properties include offices, studios, master control and production facilities located in Miami, New York, Los Angeles and Puerto Rico. We lease a combined studio and tower site in Key West, Florida for WSBS-TV and a transmitter site for WSBS-CA, in Pembroke Park, Florida. In addition, we lease office space in Houston, Texas for KTBU-TV, which houses our sales offices and operations.

The studio, office, and transmitter sites of our media stations are vital to our overall operation. Management believes that our properties are in good condition and are suitable for our operations. We, however, continually assess the need to upgrade and to improve our properties and facilities.

Item 3. Legal Proceedings

From time to time we are involved in various routine legal and administrative proceedings and litigation incidental to the conduct of our business, such as contractual matters and employee-related matters. In recent years, we have been subject to administrative proceedings and lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace, wage-hour and employment discrimination matters, and a number of these lawsuits have resulted in the payment of substantial damages. In the opinion of management, such litigation is not likely to have a material adverse effect on our business, operating results or financial condition.

Litigation- Lehman and T. Rowe Price Complaint

On February 14, 2013, Lehman Brothers Holdings Inc. ("LBHI") brought a claim against us in the Delaware Court of Chancery (the "Court") seeking, among other things, a declaratory judgment that as a result of non-payment of dividends, a Voting Rights Triggering Event had occurred pursuant to the certificate of designations for the Series B preferred stock (the "Certificate of Designations") no later than July 15, 2010. LBHI alleged that as a result, we were prohibited from incurring indebtedness but did so for the purposes of purchasing assets relating to our Houston television station and the issuance of our 12.5% Senior Secured Notes due 2017 (the "Notes"). LBHI also sought an award of unspecified contract damages.

We filed a motion to dismiss the LBHI complaint on March 11, 2013. On April 25, 2013, LBHI filed an opposition to our motion to dismiss and a motion for partial summary judgment. We filed a reply in further support of our motion to dismiss and in opposition to LBHI's motion for partial summary judgment on May 10, 2013. A hearing on the parties' motions was held on May 20, 2013, at which the Court requested further briefing on cross-motions for summary judgment.

Additionally, on June 17, 2013, T. Rowe Price High Yield Fund, Inc., T. Rowe Price Institutional High Yield Fund, T. Rowe Price Funds SICAV-Global High Yield Bond Fund and T. Rowe Price Small-Cap Value Fund, Inc. (collectively "T. Rowe Price" and with LBHI, the "Plaintiffs") brought a claim against us making allegations substantially similar to those made by LBHI previously, except with an additional claim for breach of the implied covenant of good faith and fair dealing.

On July 3, 2013, the Court granted the Plaintiffs' motion to consolidate their lawsuits; and on October 3, 2013, LBHI moved to amend its original complaint by adding a claim for breach of the implied covenant of good faith and fair dealing. We moved for judgment on the pleadings as to both T. Rowe Price's and LBHI's good faith and fair dealing claims. In addition, we and the Plaintiffs submitted cross-motions for summary judgment on October 31, 2013.

On February 25, 2014, Vice Chancellor Glasscock rendered the opinion of the Court granting our motions for summary judgment and judgment on the pleadings, and denying the Plaintiffs' motion for summary judgment. Accordingly, the Plaintiffs' claims were dismissed.

Litigation- Brevan Howard and Others Complaint

On December 27, 2013, River Birch Master Fund, L.P., P River Birch Ltd. (together, "River Birch") and Visium Catalyst Credit Master Fund, Ltd. (collectively with River Birch, "Initial Plaintiffs") brought a claim against us in the Court seeking a declaratory judgment that a Voting Rights Triggering Event had occurred (as of April 15, 2010) under our Certificate of Designations as a result of our non-payment of dividends. The claim states that as a result of such Voting Rights Triggering Event, the incurrence of indebtedness for the purpose of purchasing our Houston television station and the issuance of our Notes under the Indenture governing the Notes were prohibited incurrences of indebtedness under the Certificate of Designations.

The Initial Plaintiffs further claim that we violated the Certificate of Designations by failing to take any actions or explore any options that would have given us legally available funds with which to repurchase the outstanding Series B preferred stock on October 15, 2013. In connection with their claims, Initial Plaintiffs also seek an award of contract damages. On January 17, 2014, we filed a motion to dismiss the complaint. On March 3, 2014, the complaint was amended to remove River Birch and add Brevan Howard Credit Catalyst Master Fund Ltd., Brevan Howard Master Fund, ALJ Capital I, LP, ALJ Capital II, LP, LJR Capital, LP, and Cedarview Opportunities Master Fund, LP as additional plaintiffs. We deny the allegations contained in the complaint and, to the contrary, assert that we have been and continue to be in full and complete compliance with all of our obligations under the Certificate of Designations, as fully disclosed in our public filings dating back to 2009. Accordingly, we believe that the complaint's allegations are frivolous and wholly without merit and intend to contest such allegations vigorously.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information

Our Class A common stock is traded on the NASDAQ Capital Market under the symbol "SBSA". The tables below show, for the quarters indicated, the reported high and low bid quotes for our Class A common stock on the NASDAQ Capital Market.

	2013		2012	
	High	Low	High	Low
First quarter	$ 3.38	2.31	7.47	2.78
Second quarter	4.97	2.40	7.50	2.78
Third quarter	4.55	3.14	7.10	2.84
Fourth quarter	4.24	3.28	3.84	1.15

(b) Record Holders

As of March 18, 2014, there were approximately 113 record holders of our Class A common stock, six record holders of our Class B common stock and one record holder of our Class C preferred stock. These figures do not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. There is no established public trading market for our Class B common stock or our Class C preferred stock. Our Class B common stock is convertible into our Class A common stock on a share-for-share basis, and each share of the Class C preferred stock is convertible into two shares of Class A common stock.

(c) Dividends

We have not declared or paid any cash or stock dividends on any class of our common stock in the last two years. We intend to retain future earnings for use in our business and due to the Voting Rights Triggering Event, we are not permitted to declare or pay any cash or stock dividends on shares of our Class A or Class B common stock until the requirements to lift the Voting Rights Triggering Event are met. Once the Voting Rights Triggering Event is no longer in effect, any determination to declare and pay dividends will be made by our Board of Directors based upon our earnings, financial position, capital requirements and other factors that our Board of Directors deem relevant. Furthermore, our indenture contains restrictions on our ability to pay dividends.

Under the terms of our Series C preferred stock, we are required to pay dividends on parity with our Class A common stock and Class B common stock and any other class or series of capital stock we create after December 23, 2004.

Under the terms of our Series B preferred stock, the holders of the outstanding shares of the Series B preferred stock are entitled to receive, when, as and if declared by the Board of Directors out of funds of the Company legally available therefor, dividends on the Series B preferred stock at a rate of 10 3/4% per year, of the $1,000 liquidation preference per share. All dividends are cumulative, whether or not earned or declared, and are payable quarterly in arrears on specified dividend payment dates.

On October 15, 2013, holders of shares of our Series B preferred stock requested that we repurchase 92,223 shares of Series B preferred stock for an aggregate repurchase price of $126.9 million, which included accumulated and unpaid dividends on these shares as of October 15, 2013. We did not have sufficient funds legally available to repurchase all of the Series B preferred stock for which we received requests and instead used the limited funds legally available to us to repurchase 1,800 shares for a purchase price of approximately $2.5 million, which included accrued and unpaid dividends. Consequently, a Voting Rights Triggering Event" occurred.

Following the occurrence, and during the continuation of the Voting Rights Triggering Event, we will be subject to more restrictive operating covenants, including a prohibition on our ability to pay dividends, make distributions, or redeem or repurchase securities. 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 funds legally available to be able to satisfy the conditions for terminating the Voting Rights Triggering Event. The indenture governing our Notes currently prohibits us from paying dividends or from repurchasing the Series B preferred stock. See Item 1A. Risk Factors of this Form 10-K for a further discussion of our Series B preferred stock, including the consequences of the occurrence of the Voting Rights Triggering Event.

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

Our Board of Directors, under management's recommendation, has previously determined that based on the circumstances at the time, among other things, the then current economic environment and our future cash requirements (and, in the case of the four most recent scheduled dividends, the restrictive covenants under the Indenture), it was not prudent to declare or pay the dividends scheduled for October 15, 2013, July 15, 2013 and January 15, 2013. Under the Indenture governing our Notes, we are not permitted to pay any dividends while a Voting Rights Triggering Event exists.

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources below for additional information regarding liquidity restrictions on our ability to pay dividends on our common stock.

Equity Compensation Plans

Information called for by Item 5 will be set forth in our proxy statement relating to the 2014 Annual Meeting of Stockholders, which information is incorporated herein by this reference.

Recent Sales of Unregistered Securities

We have not made any sales of unregistered equity securities for the period covered by this annual report on Form 10-K.

Issuer Purchases of Equity Securities

We did not repurchase any of our outstanding equity securities for the period covered by this annual report on Form 10-K.

Item 6. Selected Financial Data

Not required for smaller reporting companies.