

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1996-12-30** | Period of Report: **1996-09-29**  
SEC Accession No. **0000950123-96-007632**

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### FILER

#### SPANISH BROADCASTING SYSTEM OF NEW YORK INC

CIK: **927724** | IRS No.: **133570696** | State of Incorporation: **NY** | Fiscal Year End: **0926**  
Type: **10-K405** | Act: **34** | File No.: **033-82114-09** | Film No.: **96687985**  
SIC: **4832** Radio broadcasting stations

Mailing Address  
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NEW YORK NY 10019

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NEW YORK NY 10019  
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SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
 SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

FOR THE FISCAL YEAR ENDED SEPTEMBER 29, 1996

Commission File Number 33-82114

SPANISH BROADCASTING SYSTEM, INC.  
 (Exact name of registrant as specified in its charter)

<TABLE>	<C>
<S>	
Delaware	13-3827791
-----	-----
(State or other jurisdiction of incorporation or organization number)	(I.R.S. employer identification)
26 West 56th Street	10019
New York, New York	-----
-----	-----
(Address of principal executive offices)	(Zip Code)
</TABLE>	

SEE TABLE OF ADDITIONAL REGISTRANTS

Registrant's telephone number, including area code: 212-541-9200

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: NONE

Title of Class: NONE

Name of each exchange on which registered: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes	X	No	---
	---		---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ X ]

All of the Company's Common Stock is held by affiliates, accordingly, as of September 29, 1996, the aggregate value of the Company's voting common stock held by non-affiliates was \$0.00.

Number of shares of the Registrant's Common Stock, par value \$.01 per share, outstanding as of September 29, 1996: 606,668 shares of Common Stock of which 558,135 shares are designated Class A Common Stock and 48,533 shares are designated Class B Common Stock.

Documents Incorporated by Reference: NONE

<TABLE>			
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NAME	STATE OR OTHER JURISDICTION OF INCORPORATION	PRIMARY STANDARD INDUSTRIAL CLASSIFICATION NUMBER	I.R.S. EMPLOYER IDENTIFICATION NUMBER
<S>	<C>	<C>	<C>
SPANISH BROADCASTING SYSTEM, INC.	New Jersey	4832	13-3181941
-----	-----	-----	-----
SPANISH BROADCASTING SYSTEM OF	California	4832	92-3952357
-----	-----	-----	-----

CALIFORNIA, INC.

SPANISH BROADCASTING SYSTEM OF FLORIDA, INC.	Florida	4832	58-1700848
SPANISH BROADCASTING SYSTEM OF NEW YORK, INC.	New York	4832	13-3570696
ALARCON HOLDINGS, INC.	New York	6512	13-3475833
SPANISH BROADCASTING SYSTEM NETWORK, INC.	New York	4899	13-3511101
SBS PROMOTIONS, INC.	New York	7999	13-3456128
SBS OF GREATER NEW YORK, INC.	New York	4832	13-3888732

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PART I.

ITEM 1. BUSINESS

GENERAL

Spanish Broadcasting System, Inc. ("the Company") is one of the leading Spanish language radio broadcasting companies in the United States with nine radio stations operating in the three largest Hispanic markets. The Company is the only Spanish language radio company with AM/FM combinations in Los Angeles, New York and Miami, the first, second and twelfth largest radio revenue markets in the United States, respectively, where more than 39% of the United States Hispanic population resides. In addition, with the recent acquisition of WPAT-FM licensed at 93.1 Mhz and serving the New York metropolitan area, the Company has created the first Spanish language radio company with an FM/FM duopoly serving this market. See "Recent Acquisition" below.

The following table sets forth certain information concerning the radio

stations owned and operated by the Company and the markets they serve.

<TABLE>  
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Market Served and Station Call Letters (1)	Ranking of Market by Size of Hispanic Population (2)	Ranking of Market by Radio Revenues (3)	Station Programming Format	Primary Demographic Target (4)	Station Rank and Number of Stations in Market (4)		Date Of Acquisitions (5)	License Expiration
					Spanish	All		
<S> LOS ANGELES, CA	<C> 1	<C> 1	<C>	<C>	<C>	<C>	<C>	<C>
KLAX-FM			Ranchera	18-49	2/10	7/50	12/88	12/97
KXMG-FM			Grupo	25-54	7/10	33/50	12/84	12/97
NEW YORK , NY	2	2						
WSKQ-FM			Latin Power	18-49	1/5	5/44	1/89	6/98
WXLX-AM			Regional/Mexican	18-49	5/5	40/44	9/83	6/98
WPAT-FM			Adult Contemporary	25-54	2/5	11/44	3/96	6/98
MIAMI, FL	3	12						
WCMQ-FM			Adult Contemporary(6)	25-54	7/10	21/36	12/86	2/04
WCMQ-AM			News/Talk/Sports	25-54	8/10	22/36	12/86	2/04
WZMQ-FM (7)			Adult Contemporary	25-54			9/89	2/04
WSKP-FM (7)			News/Talk/Sports	25-54			7/95	2/04

</TABLE>

- (1) Actual city of license may differ from the geographic market served. KLAX-FM is licensed to Long Beach, California and serves the Los Angeles metropolitan area. WXLX-AM is licensed to Newark, New Jersey and serves the New York metropolitan area. WZMQ-FM is licensed to Key Largo, Florida and WSKP-FM is licensed in Key West, Florida. Both of these stations serve portions of the South Florida area. WPAT-FM is licensed to Paterson , New Jersey and serves the New York metropolitan area.
- (2) Ranking by size of the Hispanic population in the principal market served by the station among all United States markets. Source: The SRC Study.
- (3) Ranking of market by radio revenues in 1995 as reported by Duncan's Radio Market Guide (1996 ed.).
- (4) Rank as reported in Arbitron's Summer 1996 report. A station's listening audience is measured by surveys of the number of radios tuned to the station at various times of the day. The generally accepted method of measuring the overall size of a radio station's audience ("ratings") is by reference to "12+ average quarter hour share" -- the number of persons, aged 12 and over, who listen to the station for at least five minutes in a quarter-hour segment Monday through Sunday, 6 a.m. to midnight, as published by Arbitron. A station's audience share is calculated by dividing (i) the average number of persons listening to a particular station for at least five minutes during an average quarter hour in a given time period by (ii) the average number of persons listening to all stations in the market area.
- (5) The dates shown represent the date of acquisition by the Company or its subsidiaries.
- (6) This station was reformatted with a "Spanish Oldies" format in October 1996.
- (7) The markets served by WZMQ-FM and WSKP-FM are not rated by Arbitron.

SOURCES OF INFORMATION

Unless otherwise indicated, all market revenue rankings that are contained in this Annual Report are based on information for calendar year 1995

contained in James H. Duncan, Jr., Duncan's Radio Market Guide (1996 ed.). Unless otherwise indicated, rank in audience share data in this Annual Report is based on the "12+ average quarter hour share" -- the number of persons, aged 12 and over, who listen to a radio station for at least five minutes in a quarter-hour segment Monday through Sunday, 6:00 a.m. to midnight in the most recent survey periods (Summer 1996) as reported by the Arbitron Company ("Arbitron"), Arbitron Radio Market Reports (copyright 1996). Further, and unless otherwise noted, references herein to the rank of a station among all the radio stations within a market has been determined with reference to all radio stations rated by Arbitron within the applicable market. Designated Market Area ("DMA") information contained herein is derived from Arbitron's 1995 DMA definitions. Unless otherwise indicated, all references to the demographic statistics in this Annual Report are derived from Strategy Research Corporation, the 1996 United States Hispanic Study (the "SRC Study"), United States Census Bureau and Hispanic Business Magazine. The SRC Study is sponsored by advertisers and other businesses targeting the Hispanic market, including the Company and many of its principal competitors. Information referring to the number of Spanish format stations as well as the number of AM's and FM's and per capita items was referenced from BIA's Publication Master Access.

#### INDUSTRY BACKGROUND

General. Radio reaches approximately 95% of all Americans over the age of 12. Radio stations derive their gross revenues primarily from the sale of advertising. Total radio advertising spending in the United States rose from \$5.1 billion in 1992 to an estimated \$6.7 billion in 1995, an annual compound rate of growth of 9.4%. Advertisers generally regard radio as an efficient means of reaching specifically identified demographic groups. Stations are typically identified by format, such as country, adult/contemporary, news/talk and Spanish language, among others. Through a station's format, a broadcaster focuses on specific demographic groups, making its station attractive to advertisers who also target these groups. The ability to deliver an audience comprised of individuals targeted by a particular advertiser may make a station attractive to that advertiser even though the station may not command a large share of total radio listeners in that market. Formats evolve or change as new formats gain popularity and the composition of audiences change. The largest portion of a radio station's programming is usually produced by the radio station itself. This programming includes locally produced shows featuring recorded music, news and talk shows. Additional programming may be obtained from various radio syndication services on a cash, barter (the exchange of goods and services for advertising) or cash-plus-barter basis.

#### THE HISPANIC MARKET IN THE UNITED STATES

The Company broadcasts primarily to United States Hispanics which is one of the most rapidly growing segments of the United States population. With approximately 27.2 million Hispanics, representing 10.3% of the total population, the United States has the fifth largest Hispanic population in the world. By the year 2010 the U.S. will have the second largest Hispanic population. Hispanics currently account for approximately 10.3% of the total United States population (up from approximately 6.5% in 1980), and are expected to be the largest minority by the year 2010 at which time they are projected to number 40 million, or approximately 13.5% of the United States population. In addition, the Hispanic population in the United States is concentrated in discrete geographic areas with approximately 59.8% of all Hispanics residing in the ten largest Hispanic markets. Advertisers are responding to this growth in the Hispanic population by increasing their advertising expenditures targeted to Hispanic consumers.

In addition to its anticipated rapid growth, the Hispanic market has several other characteristics which, the Company believes, make it attractive to advertisers, including the following:

- \* the United States Hispanic population has aggregate disposable income in excess of \$228 billion;
- \* United States Census Bureau data indicate that Hispanic households are larger than those of the general population, with 3.4 persons living in an average Hispanic household compared to 2.6 persons living in the average household;
- \* the Hispanic population is generally younger than the general population, with a median age of 26.6 years compared to 34.0 years;

- \* Hispanic consumers generally spend a higher percentage of their disposable income on consumer goods than the general public; and
- \* market studies have shown that Hispanics are generally more brand conscious than the general population.

Among Hispanics 18 years old or older, 79% speak Spanish more often than English in their homes. Approximately 92% of the national Hispanic population listens to the radio every day, and they are substantially more likely to listen to Spanish language stations than English language stations. In 1996, 73% of adult Hispanics were most comfortable speaking Spanish. Given the significant use of Spanish as the primary, or preferred language for so many Hispanics in the United States, many advertisers have come to realize that advertisements in Spanish rather than in English are more effective in reaching the Hispanic population. In households where both English and Spanish are spoken, studies have shown that there is a desire to listen to advertising for certain types of products and receive information of particular relevance to the Hispanic community in Spanish, particularly if the information is not readily obtainable by listening to English language radio stations.

The Hispanic population is concentrated in major markets making it more accessible to national advertisers. Approximately 36.5% of the Hispanic population in the United States resides in the three largest Hispanic markets -- Los Angeles, New York and Miami. The following table sets forth the top ten Hispanic markets in the United States and the percentage of the national Hispanic population contained in each market.

TOP TEN UNITED STATES HISPANIC MARKETS

<TABLE>  
<CAPTION>

RANK	MARKET	HISPANIC POPULATION FOR THE MARKET	PERCENTAGE OF UNITED STATES HISPANIC POPULATION IN MARKET
<S>	<C>	<C>	<C>
1.	Los Angeles	6,012,300	22.1
2.	New York	3,278,100	9.4
3.	Miami	1,358,100	5.0
4.	San Francisco - San Jose	1,120,100	4.1
5.	Chicago	1,106,800	4.1
6.	Houston	1,078,600	4.0
7.	San Antonio	1,018,000	3.7
8.	McAllen/Brownsville	803,800	3.0
9.	Dallas - Ft. Worth	740,000	2.7
10.	El Paso	644,800	2.0

</TABLE>

There are currently 305 Spanish language radio stations serving the United States with 49 FM radio stations and 92 AM radio stations in the top 10 Hispanic markets. On a per capita basis, there are 4.5 non-Spanish language radio stations per 100,000 people in the United States compared to 1.1 Spanish language radio stations per 100,000 Hispanic people in the United States and only 0.9 Spanish language radio stations per 100,000 Hispanics in the top ten Hispanic markets. The Company believes that these factors underscore the attractiveness of its radio stations to advertisers targeting the Hispanic market, particularly in light of the smaller number of Spanish language radio stations, as compared to more numerous English language radio stations.

RECENT ACQUISITION

On March 25, 1996, the Company consummated the purchase of the FCC broadcast license and substantially all of the assets used or useful in the operation of radio station WPAT-FM for an aggregate purchase price of \$84.6 million plus financing and closing costs of \$1.8 million. The Company financed the purchase price with a combination of the sale in a private placement of 37,500 shares of the Company's Redeemable Series A Preferred Stock ("Preferred Stock"), \$35.0 million of the Company's 12 1/4% Senior Secured Notes ("New Senior Notes") due 2001 and the balance with cash on hand. The Company also issued to the holders of the Preferred Stock and New Senior Notes warrants to purchase, in the aggregate, 6% of the Company's common stock on a fully diluted basis which are exercisable no later than June 29, 1998. Approximately \$6.8 million of the gross proceeds was determined to be the value of the warrants. In addition, financing and issuance costs related to the financing were \$3.3 million.

The Preferred Stock is entitled to dividends at the rate of 12.75% per annum payable quarterly with the dividend rate increasing by 0.25% for each period of three months from March 25, 1996 through March 24, 1997 and 0.50% for each period of three months thereafter, provided that the dividend rate will at no time exceed 15.25%. During the first three years, dividends may be paid in cash or additional shares of Preferred Stock. In June, the Company issued an additional 1,195 shares and in September it issued an additional 1,256 shares of Preferred Stock in payment of the quarterly dividends due on the Preferred Stock. The Company is required to redeem the Preferred Stock on December 1, 2002.

The New Senior Notes are secured by the FCC license for WPAT-FM and are guaranteed by each of the Company's subsidiaries. The Notes are due on June 1, 2001 and bear interest at the rate of 12.25% per annum payable quarterly, with the interest rate increasing by 0.25% for each three month period from March 25, 1996 to March 24, 1997, and 0.50% for each period of three months thereafter, provided that the interest rate on the New Senior Notes may not exceed 14.75% per annum. Until March 24, 1998, interest may be paid in cash or in additional Notes. In June, the Company issued an additional \$1,071,875 aggregate principal of additional New Senior Notes and in September, the Company issued another \$1,127,246 of aggregate principal of additional New Senior Notes in satisfaction of the quarterly interest payments due on outstanding New Senior Notes. Covenants under the Indentures governing the 12 1/2% Senior Notes and the New Senior Notes limit the Company's ability to pay dividends, repurchase or redeem its Common Stock or the Notes or incur additional indebtedness, among other things. (See Note 5 to the consolidated financial statements for additional features of New Senior Notes and Preferred Stock).

WPAT-FM is licensed at 93.1 Mhz and transmits from an antenna on top of the World Trade Center. The station's signal covers New York City, northern New Jersey, much of Suffolk, Nassau and Westchester counties in New York and parts of Fairfield county in Connecticut. WPAT-FM has a clarity of sound within the New York metropolitan area comparable to other leading FM stations serving this area. The acquisition of WPAT-FM allowed the Company to introduce a complimentary Spanish language format to the operations of its two other radio stations serving the New York metropolitan area.

#### PENDING ACQUISITIONS

##### WYSY-FM.

In August 1996, the Company entered into an acquisition agreement with Infinity Holdings Corp. of Orlando ("Infinity") to acquire the FCC broadcast license and substantially all of the assets used or useful in the operation of radio station WYSY-FM serving the Chicago metropolitan area. The acquisition is subject to, among other things, timely consent of the FCC and the Department of Justice (the "DOJ") to the assignment of the broadcast license for this station to the Company. The DOJ issued early termination on October 29, 1996.

Under the terms of the acquisition agreement, the aggregate purchase price for WYSY-FM is \$33.0 million including a \$3 million seller note. The closing of this acquisition is scheduled to occur on the latest of (i) the day on which the merger of Infinity Broadcasting Corporation with and into Westinghouse Electric Corporation is consummated; (ii) the day on which the asset exchange agreement between Infinity Broadcasting Corporation and Cox Broadcasting, Inc. and WCKG, Inc. is consummated and (iii) the fifth business day following receipt of an FCC order granting consent to the assignment to the Company of the FCC license for the station, but in no event later than June 30, 1997.

##### WXDJ-FM AND WRMA-FM.

In September 1996, the Company entered into an acquisition agreement with New Age Broadcasting Inc. and The Seventies Broadcasting Corporation to acquire the FCC broadcast licenses and substantially all of the assets useful in the operation of radio stations WXDJ-FM and WRMA-FM serving the Miami metropolitan area. The acquisition is subject to, among other things, timely consent of the FCC and the DOJ to the assignment of the broadcast licenses for the stations to the Company. The DOJ issued early termination on October 29, 1996. The Mass Media Bureau of the FCC consented to the assignment of the station licenses to the Company on November 14, 1996, and absent a reversal or court appeal, the grant will become final on December 24, 1996.

Under the terms of the acquisition agreement, the aggregate purchase price for WXDJ-FM and WRMA-FM is (i) \$110.0 million and (ii) certain customary

closing adjustments and reimbursement obligations. In connection with this agreement, the Company delivered a \$10 million letter of credit to the Sellers who may draw upon it if an event of default occurs, as defined in the agreement. If an event of default occurs, liquidated damages are limited to \$30 million as defined in the agreement. The closing of this acquisition is scheduled to occur on a date not later than 15 days following the date of receipt of an FCC order granting consent to the assignments to the Company of the FCC licenses for the stations which consent is final and not subject to appeal or, if the Company has waived such requirement, following the later of the effective date of the FCC consent, but in no event later than June 30, 1997.

The Company is in the process of arranging for the financing of the purchase price for the Pending Acquisitions, and is exploring various financing options. The Company expects to finance the purchase price with a combination of one or more of the following: internally generated funds, proceeds from the sale of non-strategic assets, proceeds from the sale of the Company's debt and/or equity securities, and/or borrowings under a long-term credit facility. There can be no assurance that the Company will be able to consummate the Pending Acquisitions.

#### PLANNED DISPOSITIONS

In conjunction with the Pending Acquisitions, the Company has reassessed its business strategy and has determined that, although its AM Stations have been attractive to advertisers in the past, a better return could be achieved from the capital invested in the AM Stations if it were instead invested in acquiring FM Stations. Accordingly, the Company intends to sell radio stations KXMG-AM, serving the Los Angeles metropolitan area, WXLX-AM serving the New York metropolitan area, and WCMQ-AM, serving the Miami metropolitan area. The Company also intends to sell WSKP-FM, its Key West, Florida station.

#### OPERATIONS

Among the principal practices used by the Company to operate its stations and improve station results are: (i) programming based on the results of audience research and tailored to the tastes of its demographically targeted listening audience; (ii) developing a high-quality sales force that utilizes customer-focused marketing systems; and (iii) monitoring operating expenses. The Company believes this strategy for improving and expanding operations should provide the basis for increased advertising revenues in each market by attracting advertising dollars into Spanish language media which have traditionally been spent in mainstream English language media.

Local Staff and Management. The Company employs talented local management teams responsible for the day-to-day operations of the stations. In each of the Company's three markets, its stations are managed by a local management team which is generally comprised of a general manager, a general sales manager and a programming director. The Company generally prefers to staff stations with managers who have experience and knowledge of the local radio market and the local Hispanic population. Because of the diversity of the Hispanic populations from region to region in the United States, this team-oriented approach allows decisions regarding day-to-day programming, sales and promotional efforts to be made by local managers and improves the Company's flexibility and responsiveness to changing conditions in each of the markets it serves. Corporate management regularly provide stations with advice and support in the development of advertising and marketing strategies and in sales force training, and is responsible for national sales development, long-range strategic planning, corporate policies and procedures, resource allocation, monitoring performance and maintaining overall control of the stations.

Programming. The Company formats the programming of each of its stations to capture a dominant position within each market. Most of the Company's stations emphasize music programming due to a strong audience preference for music and the fact that music programming is comparatively less expensive to produce than other radio formats.

The Company's FM stations generally target a slightly younger (aged 18 to 49) Hispanic audience than its AM stations. While the Company's FM stations have regular news and weather segments, the stations primarily offer music carefully chosen with the particular heritage of the targeted Hispanic listening audience in mind. The Company's AM programming formats are designed to appeal to a slightly older, more traditional segment of the Hispanic listening audience. As with the Company's FM stations, AM station programming is keyed to the tastes of the particular segment of the Hispanic listening audience served by the station. The Company's AM programming generally includes more and longer news segments than those on its FM stations.

Promotion. Special promotional appearances, such as van appearances at client events, concerts and tie-ins to major events form an important part of



the Company's marketing strategy. Many of these events enable the Company to offer its advertisers an additional means of reaching their target markets. In addition, the Company's stations use promotional events to promote audience participation by having celebrities and radio personalities in attendance and by running contests in conjunction with the event. Many of these activities are co-sponsored by local television stations and newspapers, thus providing the Company's advertisers with a larger combined audience. The Company's promotional and marketing campaigns focus on increasing Hispanic consumer awareness of advertisers' products, creating and reinforcing consumer awareness of stores which sell specific brands, creating, consumer incentives to visit the stores and to purchase the brands and building and sustaining the images of particular brands and stores.

Community Involvement. The Company participates actively in the communities it serves. Each of the Company's radio stations engages in public service programming, fund raisers, disaster relief when needed and other activities benefiting the local community and Hispanics overseas. Other examples of the Company's community involvement include free public service announcements, free equal-opportunity employment announcements, tours and discussions held by station radio personalities with school and community groups designed to limit drug and gang involvement and free concerts and events designed to support the stability of the family and the local Hispanic community. The Company's stations and members of its management have received numerous community service awards and acknowledgments from governmental entities and community and philanthropic organizations for their service to the community.

KLAX-FM AND KXMG-AM  
SERVING THE LOS ANGELES MARKET

Los Angeles. The Company's stations, KLAX-FM and KXMG-AM, serve the Los Angeles market which is the #1 radio revenue market and the #1 Hispanic market with a DMA population of approximately 16.1 million, of which approximately 37.3% is Hispanic.

KLAX-FM. In February 1988, the Company acquired the Los Angeles area radio station KNOB-FM. The Company changed its easy-listening English music format to contemporary Spanish music and its call letters to KSKQ-FM. In January 1992, the Company relocated its FM transmitter site from Long Beach to Baldwin Hills which extended the station's signal in the San Fernando Valley and to the more heavily Hispanic populated areas of East Los Angeles. In July 1992, the Company hired a new general manager and program director. In August 1992, the Company adopted new call letters KLAX-FM to replace KSKQ-FM, adopted the slogan identified "La X" and developed and inaugurated a new Spanish language "Contemporary Ranchera" music format to reach and retain adults aged 18 to 49 of Mexican descent. Ranchera music is the most widely recognized Mexican regional music worldwide; it originated in the state of Jalisco, but can be found in all parts of Mexico. The Ranchera format also highlights Nortena (music from the border states in the north of Mexico), Grupos (interpretations of romantic ballads) and Tropical which is the Colombian tropical Cumbia rhythm modified to add a Mexican flavor. Banda is another form of regional Mexican music with tropical rhythms which is included in KLAX-FM's Ranchera programming. These changes were made to appeal more effectively to the tastes and interests of the station's listening audience and to increase the station's share of the Los Angeles radio market.

KLAX-FM is licensed at 97.9 Mhz. With its transmitter site in Baldwin Hills, California, KLAX-FM has a powerful radio signal which enables it to reach Los Angeles County in addition to Orange County and parts of Ventura, San Bernardino, Riverside and San Diego counties. The Company has an application pending before the FCC to change its city of license from Long Beach to East Los Angeles and to move its transmitting facilities to Flint Peak, thereby allowing the station to extend its coverage to an additional 1.9 million listeners. KLAX-FM has an auxiliary transmitter in Long Beach, California. See "Item 2. Properties."

KXMG-AM. In December 1984, the Company acquired Los Angeles radio station KZLA-AM. Following the acquisition, the Company changed the station's call letters to KSKQ-AM and its English language country music format to contemporary Spanish music. In 1996, the Company adjusted this station's format to accentuate "Banda" and ballads. It also changed the station's call letters to KXMG-AM and adopted the slogan identifier "MEGA."

KXMG-AM is licensed at 1540 Khz. The company believes KXMG-AM's signal provides market coverage of the Los Angeles metropolitan area comparable to other AM stations licensed to this area. KXMG-AM's transmitter site, located in El Sereno, California is owned by the Company and enables this station to reach substantially all of Los Angeles's DMA.

WSKQ-FM, WXLX-AM AND WPAT-FM  
SERVING THE NEW YORK METROPOLITAN MARKET

New York. The Company's stations, WSKQ-FM, WXLX-AM and WPAT-FM serve the New York metropolitan area which is the #2 radio revenue market and the #2 Hispanic media market in the United States with a DMA population of approximately 20.0 million, of which approximately 16.4% are Hispanic.

WSKQ-FM. The Company acquired WEVD-FM's broadcasting license and facilities on January 26, 1989. Upon acquiring WEVD-FM, the Company changed the station's call letters to WSKQ-FM and its format from an English and Yiddish language station to contemporary Spanish music. Following this format change, WSKQ-FM became the first Spanish language FM station to serve the New York metropolitan area.

In fiscal 1993, in response to the changing tastes of its target market, the Company developed and launched a new Spanish language music format known as "Latin Power" designed to appeal to Hispanics of Puerto Rican and Dominican descent aged 18 to 49. Latin Power features upbeat Latin rhythms of popular Latin singers such as Luis Miguel, Tito Rojas and Jon Secada, Latin dance music with regional beats, including Salsa (Puerto Rican/Cuban), Meringue (Dominican), Cumbia (Central and South American), as well as English language and dance club music hits of popular entertainers. In addition, as a result of the increasing popularity among English speaking listeners as well as Hispanics of the music of artists such as Gloria Estefan, and Boyz 2 Men, WSKQ-FM is attracting an increasing number of English speaking listeners. In 1994, the Company adopted a new slogan identifier -"Mega-97.9 FM."

WSKQ-FM is licensed at 97.9 Mhz. In 1994, WSKQ-FM began transmitting from a new master antenna on top of the Empire State Building strengthening the station's signal which now covers New York City, northern New Jersey, much of Suffolk, Nassau and Westchester counties in New York, and parts of Fairfield County in Connecticut. With modern transmitter equipment, WSKQ-FM's signal within the New York metropolitan area is comparable to other leading FM stations serving this area.

WXLX-AM. In September 1983, the Company acquired WVNJ-AM, a Newark, New Jersey licensed easy-listening, English language radio station serving the New York market. Upon acquiring WVNJ-AM, the Company changed its call letters to WSKQ and its format to contemporary Spanish music. In August 1995, the Company adopted new call letters WXLX and changed the station's programming to Regional Mexican music to better appeal to the changing tastes of a younger local Hispanic market composed of Hispanic adults aged 18 to 49. The station employs veteran radio personalities, such as Martin Munoz, who are well known to the station's New York radio audience. WXLX-AM broadcasts local and national news, and sports, weather and traffic as well as call-in and talk shows.

WXLX-AM is licensed at 620 Khz. WXLX-AM currently broadcasts from Livingston, New Jersey and its signal covers New York City, northern New Jersey, Nassau and much of Suffolk County on Long Island, Westchester and Rockland Counties in New York and much of Fairfield County in Connecticut. The Company believes WXLX-AM's signal provides market coverage of the New York metropolitan area comparable to other AM stations licensed to this area. The Company's original lease for WXLX-AM's transmitter site in Livingston, New Jersey expired on March 31, 1996. Since April, 1996, the Company has been renewing the terms of the lease, pending the anticipated completion of the new transmitter site in Lyndhurst, New Jersey. See "Item 2, Properties."

WPAT-FM. In March 1996, the Company acquired WPAT-FM. Upon its acquisition, the Company changed the format of WPAT-FM from an English language radio station to a Spanish language romantic adult contemporary format. WPAT-FM is licensed at 93.1 Mhz and transmits from an antenna on top of the World Trade Center. The station's signal covers New York City, northern New Jersey, much of Suffolk, Nassau and Westchester counties in New York and parts of Fairfield County in Connecticut. WPAT-FM has a clarity of sound within the New York metropolitan area comparable to other leading FM stations serving this area.

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WCMQ-FM, WCMQ-AM, WZMQ-FM AND WSKP-FM  
SERVING THE MIAMI AND SOUTH FLORIDA MARKETS

Miami/South Florida. Four of the Company's stations, WCMQ-FM/AM, WZMQ-FM and WSKP-FM serve the South Florida market, which is the #12 radio revenue market and the #3 Hispanic media market in the United States, with a DMA population of approximately 3.7 million, of which approximately 37.1% are Hispanic. The Company acquired the WCMQ-FM/AM combination in December 1986. WCMQ-AM and FM's coverage area includes Dade and Broward counties.

WCMQ-FM. In connection with the pending acquisition of WXDJ-FM and WRMA-FM, the Company reformatted WCMQ-FM from a "lite" adult contemporary Latin format which includes a blend of romantic Spanish love songs and ballads

targeting an upscale adult audience aged 25 to 54 to a "Spanish Oldies" format.

WCMQ-FM is licensed at 92.3 Mhz. Its main transmitter location is on top of the Biscayne Tower in downtown Miami and its auxiliary transmitter is located in Hialeah, Florida. The Company believes WCMQ-FM's signal provides market coverage of the Miami metropolitan area comparable to other FM stations licensed to this area.

WCMQ-AM. WCMQ-AM was one of the first Spanish language radio stations to serve Miami's large Hispanic population. Staff changes and a new programming format targeting Hispanics in the 25 to 54 age group were implemented in April 1993, in response to the shifting demographics of Miami's Hispanic population and in an effort to improve the operating performance of the radio station. The Company reprogrammed WCMQ-AM to stress a news/talk/sports format. The station offers a full complement of local, national and international news. In addition, in 1993, WCMQ-AM became the Spanish voice of the Florida Marlins, a Major League Baseball team, and has the exclusive right to broadcast all regular season Marlins games through the 1998 season. In the fall of 1993, WCMQ-AM became the exclusive Spanish language broadcaster of Florida Panthers home hockey games through the 1998 season. In addition, beginning with the 1995 season, WCMQ-AM became the exclusive Spanish language broadcaster of Miami Dolphins football games. WCMQ-AM has the exclusive right to broadcast these games through the 1996 season.

WCMQ-AM is licensed at 1210 Khz. The WCMQ-AM transmitter site is in Dade County, Florida. The Company believes WCMQ-AM's signal provides market coverage of the Miami metropolitan area comparable to other AM stations licensed to this area.

WZMQ-FM. WZMQ-FM, licensed to Key Largo, Florida, simulcasts programs of WCMQ-FM and serves the Hispanic community in the Florida Keys and adjacent communities just south of Miami. The Company acquired a construction permit to build WZMQ-FM in September, 1989 and began broadcasting in January 1990. WZMQ is licensed at 103.9 Mhz. WZMQ-FM's transmitter is located in Key Largo, Florida. The Company believes WZMQ-FM's signal provides market coverage of the Key Largo area comparable to other FM stations licensed to this area.

WSKP-FM. In July 1995, the company acquired WSKP-FM. The station simulcasts the programs of WCMQ-AM and is licensed at 107.9 Mhz. The WSKP-FM transmitter site is located in Key West, Florida. The Company believes WSKP-FM's signal provides market coverage of the Key West area comparable to other FM stations licensed to this area.

#### ADVERTISING

Virtually all radio station revenue is derived from advertising. This revenue is usually classified in one of two categories - "national" and "local." "National" connotes advertising that is solicited by a national representative firm that represents the station and is compensated on a commission-only basis. "Local" refers to advertising purchased by advertisers in the local community served by a particular station.

The Company believes that radio is one of the most efficient and cost-effective means for advertisers to reach targeted demographic groups. Advertising rates charged by a radio station are based primarily on the station's ability to attract listeners in a given market and on the attractiveness to advertisers of the station's listener

demographics. Rates vary depending upon a program's popularity among the listeners an advertiser is seeking to attract, the number of advertisers vying for available air time and the availability of alternative media in the market. Radio advertising rates generally are highest during the morning and afternoon drive-time hours which are the peak hours for radio audience listening. The Company believes that its AM/FM combinations in Los Angeles and Miami and its FM/FM duopoly in New York are desirable to national advertisers and, as a result, command attractive advertising rates. However, because the Company believes that FM/FM duopolies will be even more attractive to national advertisers, it has decided to redeploy the capital invested in its AM stations and focus on the development of its FM stations. See "Planned Dispositions." The Company believes it will be able to increase its rates as new and existing advertisers recognize the increasing desirability of targeting the growing Hispanic population in the United States.

Each station broadcasts a predetermined number of advertisements each hour with the actual number depending upon the format of a particular station. The Company determines the number of advertisements broadcast hourly that can maximize the station's available revenue dollars without jeopardizing its audience listener levels. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does

not vary significantly from year to year.

The Company's revenue mix between local and national advertising varies significantly by market. Management's objective for its stations is to increase the level of national advertising since national advertising generally commands a higher dollar rate per advertising spot than does local advertising. Approximately 80% of the Company's advertising is local and 20% is national.

Until the Fall of 1993, a subsidiary of the company sold all national advertising for the Company's stations. To increase its access to national advertisers and agencies, including many that have not heretofore advertised on Spanish language radio, the Company's stations entered into five-year agreements with Katz Communications Inc. ("Katz") pursuant to which Katz, the largest broadcasting national sales representative in the United States, is serving as the Company's exclusive sales representative for national broadcast advertising. Under the terms of the agreements, during fiscal 1996, the Company paid Katz a commission of 14% of net revenues received from advertisers on account of national advertising sales.

Although the majority of the Company's advertising contracts are short-term (generally running for less than one month), the Company has long-term relationships with some of its advertisers. In each of its three broadcasting markets, the Company employs salespeople to obtain local advertising revenues. The Company believes that its local sales force is crucial in maintaining relationships with key local advertisers and agencies and identifying new advertisers. The Company generally pays sales commissions to its local sales staff upon the receipt from advertisers of the payments related to such sales. The Company offers assistance to local advertisers by providing them with studio facilities to produce 60-second commercials free of charge.

#### COMPETITION

Broadcasting is a highly competitive business. The Company's radio stations compete for audiences and advertising revenues with other radio stations of all formats, as well as other media, such as newspapers, magazines, television, cable television, outdoor advertising and direct mail, within their respective markets. Audience ratings and market shares are subject to change and any adverse change in a particular market could have a material adverse effect on the revenue of stations located in that market. Future operations are further subject to many variables which could have an adverse effect upon the Company's financial performance. These variables include: economic conditions, both general and relative to the broadcasting industry; shifts in population and other demographics; the level of competition for advertising dollars with other radio stations and other entertainment and communications media; fluctuations in operating cost; technological changes and innovations; changes in labor conditions; and changes in governmental regulations and policies and actions of federal regulatory bodies, including the FCC. Although the Company believes that each of its stations is able to compete effectively in its respective market, there can be no assurance that any such station will be able to maintain or increase its current audience ratings and advertising revenues. Radio stations can change format quickly. Any radio station currently broadcasting in either English or Spanish could shift its format to duplicate the format of any of the Company's stations. If a station converted its programming to a format similar to that of a station owned by the Company, the ratings and broadcast cash flow of the Company's stations could be adversely affected.

#### SEASONALITY

The Company's revenues and cash flow are typically lowest in the first calendar quarter and highest in the second calendar quarter. Seasonal fluctuations are common in the radio broadcasting industry and are due primarily to fluctuations in advertising expenditures.

#### MANAGEMENT AND PERSONNEL

As of September 29, 1996 the Company had approximately 203 full-time employees of whom 11 were primarily involved in management, 102 in programming, 47 in sales, 35 in general administration and eight in technical activities.

The Company operates with a small headquarters' staff in New York. To facilitate efficient management from its headquarters, the Company accesses and utilizes computerized accounting systems from its properties to provide current information to management on station operations and to assist in cost control and the preparation of monthly financial statements. Corporate executives regularly visit each station to monitor its operations and ensure that policies are implemented.

#### FEDERAL REGULATION OF BROADCASTING

EXISTING REGULATION AND LEGISLATION. Radio broadcasting is subject to

the jurisdiction of the FCC under the Communications Act of 1934, as amended (the "Communications Act"), as amended by, inter alia, the Telecommunications Act of 1996 (the "1996 Act"). The Communications Act prohibits the operation of a radio broadcasting station except under a license issued by the FCC and empowers the FCC, among other things, to issue, renew, revoke and modify broadcasting licenses; assign frequency bands; determine stations' frequencies, locations, and power; regulate the equipment used by stations; adopt other regulations to carry out the provisions of the Communications Act; impose penalties for violation of such regulations; and impose fees for processing applications and other administrative functions. The Communications Act prohibits the assignment of a license or the transfer of control of a license without prior approval of the FCC.

The 1996 Act represents the most comprehensive overhaul of the country's telecommunications laws in more than 60 years. The 1996 Act and the FCC's rules and policies adopted thereunder significantly change both the broadcast ownership rules and the process for renewal of broadcast station licenses. The 1996 Act and the rules also relax local radio ownership restrictions and the FCC continues to explore implementation of new ownership policies in a series of rule makings. The FCC has already implemented some changes through FCC orders. The 1996 Act establishes a "two-step" renewal process that limits the FCC's discretion to consider applications filed in competition with an incumbent's renewal application. Additionally, the 1996 Act and the rules substantially liberalize the national broadcast ownership rules, eliminating the national radio limits.

This new regulatory flexibility has engendered aggressive local, regional, and/or national acquisition campaigns. Liberalization of previous station ownership limitations on leading incumbents (i.e., existing networks and major station groups) has increased sharply the competition for, and the prices of, attractive stations.

**MULTIPLE OWNERSHIP RESTRICTIONS.** The FCC has promulgated rules that, among other things, limit the ability of individuals and entities to own or have an official position or ownership interest above a certain level (an "attributable" interest, as defined more fully below) in broadcast stations, as well as other specified mass media entities. Prior to the passage of the 1996 Act, these rules included limits on the number of radio stations that could be owned or operated under certain conditions on both a national and local basis. On a national basis, the former FCC rules generally precluded any individual or entity from having an attributable interest in more than 20 AM radio stations and 20 FM radio stations.

The 1996 Act substantially relaxed the radio ownership limitations. The FCC began its implementation of the 1996 Act with several orders issued on March 8, 1996. The Act and the FCC's subsequently issued rule changes eliminated the national ownership restriction, allowing a single entity to own nationally any number of AM or FM broadcast stations. The Act and the FCC's new rules also greatly eased local radio ownership restrictions. As with the old rules, the maximum allowable varies depending on the number of radio stations within a market. In markets

with more than 45 stations, one company may own, operate or control up to eight stations, with no more than five in any one service; (AM or FM). In markets of 30-44 stations, one company may own up to seven stations, with no more than four in any one service; in markets with 15-29 stations, one entity may own up to six stations, with no more than four in any one service. In markets with 14 commercial stations or less, one company may own up to five stations or 50% of all of the stations in the market, whichever is less, with no more than three in any one service.

In 1992, the FCC placed limitations on time brokerage (local marketing) agreements (L.M.A.'s) through which the licensee of one radio station provides programming for another licensee's station in the same market. Commonly-owned or controlled stations and licensees which program another station in the market pursuant to time brokerage agreements, which stationers operate in the same service (e.g., where both stations are AM) and in the same market, are prohibited from simulcasting more than 25% of their programming. Moreover, in determining the number of stations that a single entity may control, an entity programming a station pursuant to an LMA is required, under certain circumstances, to count that station toward its maximum ownership limits even though it does not own the station.

A number of multiple-ownership rules pertain to licensees of television and radio stations. FCC rules, the Communications Act or both generally prohibit an individual or entity from having an attributable interest in both a television station and a radio station, daily newspaper or cable television system that is located in the same local market area served by the television station. The FCC has employed a liberal waiver policy with respect to the TV/radio multiple-ownership restriction (the so-called "one-to-a-market" rule),

generally permitting common ownership of one AM, one FM, and one TV station in any of the 25 largest markets, provided there are at least 30 separately owned stations in the market. The 1996 Act directed the FCC to extend its one-to-a-market waiver policy to the top 50 markets, consistent with the public interest, convenience and necessity; however, the FCC has not yet implemented this provision. Moreover, in a pending 1995 rulemaking the FCC has proposed the possibility of eliminating the one-to-a-market rule entirely. In addition, there is now pending a Notice of Inquiry which explores possible changes in the newspaper/radio cross-ownership waiver policy.

Expansion of the Company's broadcast operations in particular areas nationwide will continue to be subject to the FCC's ownership rules and any further changes the FCC or Congress may adopt. Significantly, the 1996 Act requires the FCC to review its remaining ownership rules biennially -as part of its regulatory reform obligations - to determine whether its various rules are still necessary. The Company cannot predict the impact of the biennial review process or any other agency or legislative initiatives upon the FCC's broadcast rules. Further, the 1996 Act's relaxation of the FCC's ownership rules may increase the level of competition in one or more of the markets in which the Company's stations are located, particularly to the extent that any of the Company's competitors may have greater resources and thereby be in a better position to capitalize on such changes.

Under the FCC's ownership rules, a direct or indirect purchaser of certain types of securities of the Company could violate FCC regulations if that purchaser owned or acquired an "attributable" or "meaningful" interest in other media properties in the same areas as stations owned by the Company or in a manner otherwise prohibited by the FCC. All officers and directors of a licensee, as well as general partners, limited partners who are not properly "insulated" from management activities, and stockholders who own five percent or more of the outstanding voting stock of a licensee (either directly or indirectly), generally will be deemed to have an attributable interest in the license. Certain institutional investors who exert no control or influence over a licensee may own up to ten percent of such outstanding voting stock without being considered "attributable." Under current FCC regulations, debt instruments, non-voting stock, properly insulated limited partnership interests (as to which the licensee certifies that the limited partners are not "materially involved" in the management and operation of the subject media property) and voting stock held by minority stockholders in cases in which there is a single majority stockholder generally are not attributable. The FCC's "cross-interest" policy, which generally precludes an individual or entity from having a "meaningful" (even though not attributable) interest in one media property and an attributable interest in a broadcast, cable or newspaper property in the same area, may be invoked in certain circumstances to reach interests not expressly covered by the multiple ownership rules. See the Notice of Inquiry referred to SUPRA.

In January 1995, the FCC initiated a rulemaking proceeding designed to permit a "thorough review of [its] broadcast media attribution rules." Among the issue on which comment was sought were (i) whether to change the voting stock attribution benchmarks from five percent to ten percent and, for passive investors, from ten percent to twenty percent; (ii) whether there are any circumstances in which non-voting stock interests, which are currently

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considered non-attributable, should be considered attributable; (iii) whether the FCC should eliminate its single majority shareholder exception (pursuant to which voting interests in excess of five percent are not considered cognizable if a single shareholder own more than fifty percent of the voting power); (iv) whether to relax insulation standards for business development companies and other widely-held limited partnerships; (v) how to treat limited liability companies and other new business forms for attribution purposes; (vi) whether to eliminate or modify the cross-interest policy; and (vii) whether to adopt a new policy which would consider whether multiple cross interests or other significant business relationships (such as time brokerage agreements, debt relationships or holdings of non attributable interests), which individually do not raise concern, raise issues with respect to diversity and competition. In November 1996, the FCC issued a Further Notice of Proposed Rulemaking intended to change rules regarding attribution in light of the 1996 Act. The Company cannot predict with certainty when this proceeding will be concluded or whether any of these standards will be changed. Should the attribution rules be changed, the Company is unable to predict what effect, if any, such changes would have on the Company or its activities.

License Grant and Renewal. Prior to the passage of the 1996 Act, radio broadcasting licenses generally were granted or renewed for a period of seven years upon a finding by the FCC that the "public interest, convenience, and necessity" would be served thereby. Under the former FCC rules, the time an application was made for renewal of a radio license, parties in interest could file petitions to deny the application, and such parties, including members of the public, could comment upon the service the station provided during the



preceding license term. In addition, prior to passage of the 1996 Act, and under the former FCC rules any person was permitted to file a competing application for authority to operate on the station's channel and replace the incumbent licensee. Renewal applications were granted without a hearing if there were not competing applications or if issues raised by petitioners to deny informal objectors or the FCC itself were not serious enough to cause the FCC to order a hearing. If competing applications were filed, a full comparative hearing was required, sometimes encompassing years of expensive litigation and uncertainty.

Under the 1996 Act, a number of important changes to FCC license renewal procedures were instituted. First, the statutory restriction on the length of broadcast licenses has been amended to allow the FCC to grant broadcast licenses for terms of up to eight years, although the FCC has not yet implemented this provision. The 1996 Act also eliminated the consideration of competing applications for the incumbent's frequency unless the FCC first denied the incumbents renewal applications. The 1996 Act requires renewal of a broadcast license if the FCC finds that (1) the station has served the public interest, convenience, and necessity; (2) there have been no serious violations of either the Communications Act or the FCC's rules and regulations by the licensee; and (3) there have been no other serious violations which taken together constitute a pattern of abuse. In making its determination, the FCC may still consider petitions to deny and informal objections but cannot consider whether the public interest would be better served by a person other than the renewal applicant.

By order dated April 12, 1996, the FCC modified its rules to implement the new two-step renewal procedure and to eliminate the right to file an application that is mutually exclusive with a license renewal application. Also on April 12, 1996, the FCC issued a notice of Proposed Rulemaking to consider how to implement the new (longer) license term provision of the 1996 Act.

Although in the vast majority of cases broadcast licenses are granted by the FCC even if petitions to deny or informal objections are filed against them, there can be no assurance that any of the Company's stations' licenses will be renewed, or if renewed, when they will be renewed, whether they will be renewed for the full normal term or a lesser term, or whether they will be subject to any special conditions.

Alien Ownership Restrictions. The Communications Act restricts the ability of foreign entities or individuals to own or hold certain interests in broadcast licenses. Foreign governments, representatives of foreign governments, non-U.S. citizens, representatives of non-U.S. citizens, and corporations or partnerships organized under the laws of a foreign nation are barred from holding broadcast licenses. Non-U.S. citizens, collectively, may directly or indirectly own or vote up to twenty percent of the capital stock of an FCC licensee. In addition, a broadcast license may not be granted to representatives or held by any corporation that is controlled, directly or indirectly, by any other corporation more than one-fourth of whose capital stock is owned or voted by non-U.S. citizens or their representatives by foreign governments or their representatives or by non-U.S. corporations, if the FCC finds that 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 controlled by any such corporation, and the FCC has made such an affirmative finding

only in very few limited circumstances. The Communications Act previously also prohibited grant of a broadcast station license (i) to any corporation with an alien officer or director, or (ii) to any corporation controlled by another corporation with any alien officers or more than one-fourth alien directors. The restrictions on non-U.S. citizens serving as officers or directors of licensees and their parent corporations have been eliminated, however, by the 1996 Act.

Other Regulations Affecting Radio Broadcasting Stations. The FCC has significantly reduced its past regulation of broadcast stations, including elimination of formal ascertainment requirements and guidelines concerning amounts of certain types of programming and commercial matter that may be broadcast. In 1990, the U.S. Supreme Court refused to review a lower court decision that upheld the FCC's 1987 action invalidating most aspects of the Fairness Doctrine, which had required broadcasters to present contrasting views on controversial issues of public importance. The FCC has, however, continued to regulate other aspects of fairness obligations in connection with certain types of broadcasts. In addition, there are FCC rules and policies, and rules and policies of other federal agencies, that regulate matters such as political advertising practices, equal employment opportunity, application procedures and other areas affecting the business or operations of broadcast stations.

Recent Developments, Proposed Legislation and Regulation. Congress has enacted legislation that eliminated the minority tax certificate program of the FCC, which previously gave favorable tax treatment to entities selling broadcast stations to entities controlled by an ethnic minority. In addition, a recent

Supreme Court decision has cast into doubt the continued validity of other FCC programs designed to increase minority ownership of mass media facilities.

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 affect, directly or indirectly, the operation and ownership of the Company's broadcast properties. In addition to the changes and proposed changes noted above, such matters include, for example, the license renewal process, spectrum use fees, political advertising rates, potential restrictions on the advertising of certain products (liquor, beer and wine, for example) and the rules and policies to be applied in enforcing the FCC's equal employment opportunity regulations. Other matters that could affect the Company's broadcast properties include technological innovations and developments generally affecting competition in the mass communications industry.

The foregoing does not purport to be a complete summary of all the provisions of the Communications Act, or the 1996 Act, nor of the regulations and policies of the FCC thereunder. The 1996 Act also covers satellite and terrestrial delivery or digital audio radio service, and direct broadcast satellite systems. Proposals for additional or revised regulations and requirements are pending before and are being considered by Congress and federal regulatory agencies from time to time. Also, various of the foregoing matters are now, or may become, the subject of court litigation, and the Company cannot predict the outcome of any such litigation or the impact on its broadcast business.

#### ITEM 2. PROPERTIES

The Company's corporate headquarters are located in New York City. The types of properties required to support each of the Company's radio stations include offices, broadcasting studios and antenna towers where its broadcasting transmitters and antenna equipment are located. The Company owns the building housing its corporate headquarters in New York City which also houses the WSKQ-FM, WPAT-FM, and WXLX-AM studios. In the Fall of 1995, the Company relocated the offices and studios of KLAX-FM and KXMG-FM in Los Angeles to a new facility which the Company purchased in October 1994. During fiscal 1996 the building located on Sunset Boulevard, which was part of the assets acquired with the Los Angeles A.M. station, was written down. (See Note 4 to the financial statements). The studios and offices of the Company's Miami and South Florida stations are located in leased facilities with a lease term that expires in 2012. See "Item 13. Certain Relationships and Related Transactions." The Company owns its transmitter site for KXMG-AM in Los Angeles and the auxiliary transmitter site for KLAX-FM in Long Beach, California and leases its other transmitter sites, with lease terms that expire from 1996 to 1998, assuming all renewal options are exercised.

The Company's lease for WXLX-AM's transmitter site in Livingston, New Jersey expired on March 31, 1996. The Company has identified a new site for the relocation of the WXLX-AM transmitter within the New Jersey Meadowlands, has signed a new long-term lease and has applied to the FCC for approval to designate Jersey

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City, New Jersey, as its community of license. The Company has also received certain of the local governmental approvals necessary to move to this new site. The Company has no assurance that it will receive all necessary FCC, state environmental or local building permits or sign an acceptable lease and complete new construction or continue to arrange an extension of its Livingston lease. While the Company believes that it may obtain special temporary operating authority to continue broadcasting WXLX-AM from other locations so as not to interrupt the station's operations, it may be unable to do so and accordingly, upon the expiration of its lease extension for WXLX-AM's transmitter site in March 1997, there is no assurance that this station will be able to continue broadcasting without interruption. Except for the transmitter site in Livingston, New Jersey, the Company does not anticipate any difficulties in renewing those leases that expire within the next five years or in leasing other space if required.

The transmitter sites for the Company's stations are material to the Company's overall operations. Management believes that its properties are in good condition and are suitable for its operations; however, the Company continually seeks opportunities to upgrade its properties. The Company owns substantially all of the equipment used in its radio broadcasting business.

#### ITEM 3. LEGAL PROCEEDINGS

Alfredo Rodriguez v. Spanish Broadcasting System of California, Inc.: Spanish Broadcasting System, Inc.: Raul Alarcon, Los Angeles Superior Court Case No. BC156965. A former general manager of SBS' Los Angeles' radio stations filed suit in October 1996 alleging wrongful termination and breach of contract, and damages of approximately \$2 million. SBS believes that the claim is without



merit, since the general manger voluntarily resigned. The case is at the very beginning of litigation, and has been tendered to SBS' insurance carrier for coverage. SBS is vigorously defending the claim.

From time to time the Company is involved in litigation incidental to the conduct of its business, such as contractual matters and employee-related matters. The Company is not currently a party to any other litigation which, in the opinion of management, is likely to have a materially adverse effect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDERS MATTERS

MARKET INFORMATION

The Company's Common Stock has not been registered under the Securities Act or the Securities Exchange Act of 1934, as amended, and is not listed on any national securities exchange. There is no established public trading market for the Company's Common Stock. There are currently three holders of the Company's Common Stock. See "Item 12. Security Ownership of Certain Beneficial Owners and Management".

DIVIDENDS

The Company has not paid cash dividends on its Common Stock and does not expect to do so in the foreseeable future. The Indenture governing the Company's 12 1/2% Senior Notes due 2002 and the Indenture governing the Company's 12 1/4% Senior Secured Notes due 2001 limit the Company's ability to pay dividends on the Common Stock. The payment of cash dividends in the future will depend on limitations in the Indenture governing the Notes, the Company's earnings, financial condition, capital needs and on other factors deemed relevant by the Board of Directors at the time. It is the current policy of the Company's Board of Directors to retain earnings to finance the operations and growth of the Company's business. See "Item 14. Exhibits, Financial

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Statement Schedules and Reports on Form 8-K" and, Note 5 of Notes to Consolidated Financial Statements of the Company.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below under the captions "Statement of Operations Data" and "Balance Sheet Data" as of and for each of the fiscal years in the five-year period ended September 29, 1996, are derived from the consolidated financial statements of the Company, which consolidated financial statements have been audited by KPMG Peat Marwick LLP, independent certified public accountants. The consolidated financial statements for each of the years in the three-year period ended September 29, 1996, and the report thereon, are included elsewhere in this Annual Report. The selected consolidated financial data of the Company should be read in conjunction with the consolidated financial statements of the Company as of and for each of the fiscal years in the three-year period ended September 29, 1996, the related notes and independent auditor's report, included elsewhere in this Annual Report. For additional information see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

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FISCAL YEAR ENDED

<TABLE>  
<CAPTION>

	9/27/92	9/26/93	9/25/94	9/24/95	9/29/96
<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					
Gross broadcasting revenues	\$ 27,991	\$ 35,744	\$ 45,825	\$ 54,152	\$ 55,338
Less: Agency Commissions	(3,024)	(4,116)	(5,688)	(6,828)	(6,703)
	-----	-----	-----	-----	-----
Net Revenues	24,967	31,628	40,137	47,324	48,635
OPERATING EXPENSES:					

Station operating expenses (1)	15,399	19,461	22,144	22,998	27,876
Corporate expenses	1,484	2,518	2,884	4,281	3,748
Depreciation and amortization	3,911	3,598	3,256	3,389	4,556
Write-down of franchise costs (2)	--	16,365	--	--	--
	-----	-----	-----	-----	-----
Operating income (loss)	4,173	(10,314)	11,852	16,656	12,455
Interest expense, net	14,025	14,132	14,203	12,874	16,533
Financing costs	221	555	3,458	--	876
Other expense (income)	70	(48)	(35)	381	698
	-----	-----	-----	-----	-----
Income (loss) before income taxes and extraordinary item	(10,143)	(24,953)	(5,774)	3,401	(5,652)
Income tax expense (benefit)	24	46	(2,231)	1,411	(1,166)
	-----	-----	-----	-----	-----
Income (loss) before extraordinary item	(10,167)	(24,999)	(3,543)	1,990	(4,486)
Extraordinary item (3)	--	--	70,255	--	--
	-----	-----	-----	-----	-----
Net Income (Loss)	(\$10,167)	(\$24,999)	\$ 66,712	\$ 1,990	(\$ 4,486)
	=====	=====	=====	=====	=====
OTHER DATA:					
Broadcast cash flow (5)	\$ 9,568	\$ 12,167	\$ 17,993	\$ 24,326	\$ 20,759
Broadcast cash flow margin (5)	38.3%	38.5%	44.8%	51.4%	42.7%
EBITDA (6)	\$ 8,084	\$ 9,649	\$ 15,109	\$ 20,045	\$ 17,011
EBITDA margin (6)	32.4%	30.5%	37.6%	42.4%	35.0%

AS OF

	9/27/92	9/26/93	9/25/94	9/24/95	9/29/96
BALANCE SHEET DATA:					
Cash and cash equivalents	\$ 2,691	\$ 4,398	\$ 12,137	\$ 17,817	\$ 5,468
Net working capital (deficiency)	(135,587)	(142,807)	11,981	22,194	9,172
Total assets	97,107	81,630	98,733	103,629	176,860
Total long term debt, including current maturities, but excluding accrued interest	120,877	123,076	93,573	95,523	135,914
Stockholders' equity (deficiency) (4)	(47,829)	(75,218)	(2,960)	(1,150)	(3,569)

</TABLE>

NOTES TO SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

- (1) Station operating expenses include engineering, programming, selling and general administrative expenses.
- (2) Concurrently with the refinancing described below in note 3, the Company obtained appraisals for the assets of its radio stations. The appraised values of certain stations were less than the carrying values of such assets, including franchise costs by \$16,365,255, in the aggregate. Based on the appraisals and management's own evaluation of the recoverability of franchise costs in relation to the then current market conditions in the broadcasting industry, the Company reduced the carrying amounts of the applicable franchise costs by \$16,365,255 through a charge to operations in the 1993 consolidated statement of operations.
- (3) On June 29, 1994, the Company sold 107,059 units, each consisting of \$1,000 principal amount of the Company's 12 1/2% Senior Notes due 2002 (the "Notes") and a Warrant. The Notes were issued at a substantial discount from their principal amount. The sale of the Notes and Warrants generated gross proceeds of \$94,000,000 and net proceeds to the Company of \$87,774,002, net of financing costs of \$6,225,998. Of the \$94,000,000 of gross proceeds from the sale of the Notes and Warrants, \$88,603,000 was allocated to the Notes and \$5,397,000 was determined to be the value of the Warrants. Of the net proceeds from the sale of the Notes and Warrants, \$83,000,000 was used to satisfy in full the Company's obligations to

its two former principal lenders, and the balance was used to settle litigation with a former stockholder and for general corporate purposes. The Company realized a gain of \$70,254,772 in connection with its repayment of all obligations to its two former principal lenders because it was able to satisfy in full these obligations at substantial discounts to their face amounts in accordance with restructuring agreements between the Company and such lenders.

- (4) In connection with the sale of the Notes and Warrants discussed in note 3 above, in fiscal 1994, the Company consolidated its radio operations

through the contribution by the principal stockholders to the Company of their interests in eight corporations in exchange for common stock of the Company. As a result of the contribution, the Company issued new shares of Class A and Class B Common Stock in exchange for the then outstanding common stock. The periods presented have been restated to reflect the effect of the aforementioned transaction.

- (5) The term "broadcast cash flow" means operating income before depreciation and amortization, write-down of franchise costs and corporate expenses. Broadcast cash flow should not be considered in isolation from, or as a substitute for, net income or cash flow statement data or as a measure of the Company's profitability or liquidity. Although broadcast cash flow is not a measure of performance calculated in accordance with generally accepted accounting principles, broadcast cash flow is widely used in the broadcasting industry as a measure of a broadcasting company's operating performance. Broadcast cash flow margin is defined as the percentage derived by dividing broadcast cash flow by net revenues.
- (6) EBITDA represents net income before extraordinary item, net interest expense, financing costs, income taxes, depreciation and amortization, write-down of franchise costs and other expenses and income. The Company has included information concerning EBITDA in this Annual Report because it is used by certain investors as a measure of a company's ability to service its debt obligations and it is also the basis for determining compliance with certain covenants in the Indenture governing the Company's senior indebtedness. EBITDA should not be used as an alternative to, or be considered more meaningful than, operating income, net income or cash flow as an indicator of the Company's operating performance. EBITDA margin is defined as the percentage derived by dividing EBITDA by net revenues.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATION

GENERAL

The Company's financial results depend on a number of factors, including the strength of the national economy and the local economies served by the Company's stations, total advertising dollars dedicated to the markets served by the Company's stations, advertising dollars targeted to the Hispanic consumers in the markets served by the Company's stations, the Company's stations' audience ratings, the Company's ability to provide popular programming, local market competition from other radio stations and other advertising media, and government regulation and policies.

As is true of other radio groups, the Company's performance is customarily measured by its ability to generate broadcast cash flow and EBITDA. Although broadcast cash flow and EBITDA are not measures of performance calculated in accordance with generally accepted accounting principles, the Company believes that broadcast cash flow and EBITDA are useful in evaluating the Company because such measures are accepted by the broadcasting industry as generally recognized measures of performance and are used by securities industry analysts who publish reports on the performance of broadcasting companies. In addition, the Company has included information concerning EBITDA in this Annual Report because it is used by certain investors as a measure of a company's ability to service its debt obligations and it is also the basis for determining compliance with certain covenants in the Indenture governing the Notes. Broadcast cash flow and EBITDA are not intended to be substitutes for operating income (as determined in accordance with generally accepted accounting principles), or alternatives to cash flow from operating activities (as a measure of liquidity), or alternatives to net income.

In the radio broadcasting industry, stations may utilize trade or barter agreements to provide advertising time in exchange for goods or services (such as travel and products used in promotional campaigns or "give-always") instead of cash compensation. In each of fiscal years 1994, 1995 and 1996, the Company sold approximately 91%, 94% and 94%, respectively, of its available advertising time for cash. The Company believes that its percentage of advertising time sold for cash will increase in the future as its stations' ratings increase.

The Company reports its revenues and expenses on a broadcast month basis. For fiscal 1996, the Company reported 53 weeks of revenues and expenses compared to 52 weeks reported in fiscal 1995.

In March 1996, the Company acquired WPAT-FM for \$86.4 million including financing costs. Pursuant to the terms of the acquisition agreement the Company began operating WPAT-FM on January 26, 1996 and the Company's results include the operations of WPAT-FM from such date.

## FISCAL YEAR 1996 COMPARED TO FISCAL YEAR 1995

Net revenue. Net revenues increased to \$48.6 million for fiscal 1996 from \$47.3 million for fiscal 1995, an increase of \$1.3 million, or 2.7%. This increase was due primarily to an increase in net revenues generated by the Company's stations in New York and Miami, offset by lower net revenues from the Los Angeles stations. The newly acquired radio station WPAT-FM, which commenced operations in January 1996 had net revenues of \$4.6 million. In addition, the Company's other New York radio stations experienced net revenue increases primarily as a result of rating increases that allowed the stations to increase their advertising rates. The Miami stations contributed to the net revenues growth due to more effective sales efforts. These increases were partially offset by a decrease in the net revenues of the Los Angeles stations which were adversely effected by a decline in ratings. In fiscal 1996, net revenues from national advertising decreased 5% while local advertising increased by 3%.

Operating Expenses. Total operating expenses increased to \$36.2 million during fiscal 1996 from \$30.7 million during fiscal 1995, an increase of \$5.5 million or 17.9%. As a percentage of net revenues total operating expenses increased to 74.4% in fiscal 1996 from 64.8% in fiscal 1995. The increase was caused by increases of \$1.1 million in engineering and programming expenses, \$3.7 million in selling, general and administrative expenses and \$1.2 million in depreciation and amortization, partially offset by a \$0.5 million decline in corporate expenses.

The primary reasons for the increase in engineering and programming expenses were the costs associated with operating the newly acquired station in New York, WPAT-FM, the settlement of a lawsuit with an ex-employee in Miami, the increase in salary and a starting bonus for a new on-air personality in Miami and increased engineering costs in the New York and Miami markets. Selling, general and administrative expenses were also impacted by the operation of WPAT-FM. Additionally the Company's other stations in the New York market experienced increases in selling salaries, bonuses and national representative commissions due to the sales improvements, the settlement of a lawsuit with a former customer and the reserve of a loan to a former employee. The Los Angeles stations' advertising and promotional expenses increased primarily due to billboard and television campaigns. The Miami stations experienced a rise in salaries and commissions resulting from higher revenues. Sports related programming increased due to the first year of the Company broadcasting the Miami Dolphins football games.

The lower corporate expenses were caused by lower bonuses, as well as lower professional fees. An increase in depreciation and amortization resulted mainly from the amortization of the franchise costs related to the WPAT-FM purchase.

Operating income. Operating income decreased from \$16.7 million in fiscal 1995 to \$12.5 million in fiscal year 1996, a decrease of \$4.2 million, or 25.1%. This decrease was due to the increase in operating expenses partially offset by the increase in net revenues.

EBITDA. EBITDA decreased to \$17.0 million from \$20.0 million, a decrease of \$3.0 million, or 15.0%. Such decrease, similar to operating income, was caused by the increase in operating expenses exclusive of depreciation and amortization, partially offset by the increase in net revenues. EBITDA margin decreased to 35.0% from 42.4%.

Other expenses. Other expenses comprised of interest expense, net of interest income and refinancing costs increased to \$18.1 million from \$13.3 million, an increase of \$4.8 million, or 36.1%. The increase resulted mainly from the additional interest incurred on the New Senior Secured Notes issued during this fiscal year to partially finance the acquisition of WPAT-FM. Additionally, the Company incurred non-recurring financing costs and wrote down the carrying value of a building in Los Angeles (See Item 2 "Properties").

Net income (loss). The Company had a net loss of \$4.5 million in fiscal year 1996 compared to net income of \$2.0 million in fiscal year 1995. This change was caused by the decrease in operating income combined with the increase in other expenses, previously discussed.

## FISCAL YEAR 1995 COMPARED TO FISCAL YEAR 1994

Net Revenues. Net revenues increased to \$47.3 million for fiscal 1995 from \$40.1 million for fiscal 1994, an increase of \$7.2, million, or 18.0%. The increase in net revenues primarily was due to the significant growth in net revenues in New York as a result of advertising price increases related to WSKQ-FM's improved Arbitron ranking, growth in net revenues in Miami due to

promotional and sports programming events, and to a lesser extent, growth in net revenues in Los Angeles due to a 41.5% increase in national advertising at KLAX-FM and KXMG-AM. In fiscal 1995, net revenues from national and local advertising increased 41% and 18%, respectively.

Operating Expenses. Total operating expenses increased to \$30.7 million in fiscal 1995 from \$28.3 million in fiscal 1994, an increase of \$2.4 million or 8.5%. However, as a percentage of net revenues, total operating expenses decreased to 64.8% in fiscal 1995 from 70.5% in fiscal 1994. Operating expenses increased in fiscal 1995 as follows: corporate expenses increased by \$1.4 million, selling, general and administrative expenses increased by \$0.6 million, engineering and programming expenses increased by \$0.2 million and depreciation and amortization increased by \$0.1 million. Corporate expenses increased as a result of higher salaries, bonuses (principally to Messrs. Alarcon Jr. and Garcia totaling approximately \$783,000), professional fees and insurance costs. Selling, general and administrative expenses increased in all markets, primarily as a result of higher promotion expenses and higher sales commissions due to increased net revenues. The increase in engineering and programming expenses resulted primarily from higher music license fees related to increased sales in New York and the settlement of a lawsuit relating to music license fees.

Operating income. For fiscal 1995, the Company had operating income of \$16.7 million compared to operating income of \$11.9 million for fiscal 1994, an increase of \$4.8 million, or 40.3%. This growth was caused by the increase in net revenues in fiscal 1995, which was offset by the increase in operating expenses discussed above.

EBITDA. EBITDA increased to \$20.0 million during fiscal 1995 from \$15.1 million during fiscal 1994, an increase of \$4.9 million or 32.5%. The growth in EBITDA was caused by an increase in net revenues which was partially offset by the increase in operating expenses discussed above. EBITDA margin increased to 42.4% during fiscal 1995 from 37.6% during fiscal 1994.

Other expenses. Other expenses comprised of interest expense, net of interest income, and refinancing costs, decreased to \$13.3 million in fiscal 1995, from \$17.6 million in fiscal 1994, a decrease of \$4.3 million or 24.4%. The principal reasons for the decrease were the absence of refinancing costs in fiscal 1995, higher interest income of \$0.5 million, as well as lower interest expenses. These decreases were offset by a charge of \$0.4 million related to the settlement of litigation with a former stockholder.

Net income. The Company had net income of \$2.0 million for fiscal 1995 compared to net income of \$66.7 million for fiscal 1994. This decrease was due primarily to the absence in fiscal 1995 of an extraordinary gain of \$70.3 million (net of income taxes) associated with the refinancing of the Company's indebtedness in fiscal 1994. Excluding the extraordinary gain, the Company had a net loss of \$3.5 million in fiscal 1994 compared to net income of \$2.0 million for fiscal 1995. The increase in net income before extraordinary items in fiscal 1995 was due primarily to the increase in the Company's operating income in fiscal 1995 described above and the decrease in other expenses.

#### FISCAL YEAR 1994 COMPARED TO FISCAL YEAR 1993

Net Revenues. Net revenues increased to \$40.1 million for fiscal 1994 from \$31.6 million for fiscal 1993, an increase of \$8.5 million, or 26.9%. The increase in net revenues primarily was due to the significant growth in net revenues in Los Angeles as a result of advertising price increases related to KLAX-FM's improved Arbitron ranking. Increases in net revenues for the Los Angeles market were supplemented by increases in net revenues in Miami, as a result of the programming change to a news/talk/sports format.

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Operating expenses: Total operating expenses decreased to \$28.3 million in fiscal 1994 from \$41.9 million in fiscal 1993, a decrease of \$13.6 million, or 32.5%. As a percentage of net revenues, total operating expenses decreased from 132.6% to 70.5%. The decrease in total operating expenses was due to the absence in fiscal 1994 of a one-time write-down of franchise costs of \$16.4 million incurred in fiscal 1993. Excluding this one-time charge, total operating expenses in fiscal 1993 were \$25.6 million, or 80.9% of net revenues. Operating expenses increased in fiscal 1994 as follows: engineering and programming expenses increased by \$0.8 million, selling, general and administrative expenses increased by \$1.9 million, and corporate expenses increased by \$0.4 million. These increases were offset by a \$0.3 million decline in depreciation and amortization.

Contributing to the increase in operating expenses were increases in programming expenses in the Miami and Los Angeles markets. Programming expenses of the Company's Miami radio stations increased due to the hiring of new on-air personalities and a programming director and programming expenses of the Company's Los Angeles stations increased due to the higher music license fees related to increased revenues. The \$1.9 million increase in selling, general and

administrative expenses from fiscal 1993 to fiscal 1994 was due primarily to increased sales commissions, outside representative commissions related to the Katz agreements, increased salary expenses due to the hiring of additional employees and increased trade expenses related to higher promotional activity. These increases were offset by a significant decrease in bad debt expense due to improved collections. The increase in corporate expenses was due to an increase in the number of employees and increases in travel expenses associated with the refinancing of the Company's indebtedness.

Operating income (loss). For fiscal 1994, the Company had operating income of \$11.9 million compared to an operating loss of \$10.3 million during fiscal 1993. This change was caused by an increase in net revenues in fiscal 1994 and the absence of the write-down of franchise costs incurred in fiscal 1993, offset by the increase in other operating expenses discussed above. Excluding the write-down of franchise costs, operating income was \$6.1 million in fiscal 1993.

EBITDA. EBITDA increased to \$15.1 million during fiscal 1994 from \$9.6 million during fiscal 1993, an increase of \$5.5 million, or 57.3%. This increase was caused by an increase in net revenues which was partially offset by the increase in operating expenses. EBITDA margin increased to 37.6% during fiscal 1994 from 30.5% during fiscal 1993.

Net interest expense. Net interest expense was relatively constant in fiscal 1994 at \$14.2 million compared to \$14.1 million during fiscal 1993.

Net income (loss). The Company had net income of \$66.7 million for fiscal 1994 compared to a net loss of \$25.0 million for fiscal 1993. The change was due primarily to an extraordinary gain of \$70.3 million (net of income taxes) in fiscal 1994 associated with the refinancing of the Company's indebtedness and the increase in operating income discussed above. Excluding this extraordinary gain, the Company had a loss of \$3.5 million in fiscal 1994.

#### LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company's capital expenditures primarily have been for the improvements and technical upgrades of its broadcasting equipment as well as for acquisitions and upgrades of its facilities. In fiscal 1994, capital expenditures of \$0.9 million were primarily related to tower improvements at the New York FM station, construction of a new transmitting facility in Key West, Florida, and equipment purchases for all of the radio stations. In fiscal 1995, the Company's capital expenditures aggregated \$5.0 million, of which \$3.6 million was used to purchase and upgrade a building to which the company relocated the studio and administrative facilities for its Los Angeles radio stations; \$0.3 million was used to upgrade the studio and technical equipment used in the operation of the Los Angeles stations; and \$0.4 million was used to purchase the antenna and broadcast license for WSKP-FM in Key West, Florida. The Company anticipates that capital expenditures for fiscal 1997 will be approximately \$2.0 million. For fiscal year 1996 cash flow generated from operations was \$8.8 million. A portion of the Company's cash flow was used to make its semiannual interest payment on the Company's 12 1/2% Senior Notes due 2001. Additionally, the Company invested \$3.8 million in capital expenditures, mostly for the construction of a new tower and antenna system at its newly leased site in New Jersey for WXLX-AM and the upgrade of the Los Angeles building which is used for its radio operations.

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In March 1996, the Company purchased the radio station WPAT-FM for \$86.4 million, including financing costs, which was financed through the proceeds of \$33.4 million of the Company's New Senior Secured Notes and the proceeds of \$35.8 million from the issuance of the Company's Preferred Stock, net of financing and issuance costs respectively.

Net cash provided by financing activities primarily have been used for working capital and debt service obligations related to existing indebtedness. In fiscal 1994, the Company refinanced substantially all of its then outstanding indebtedness through the sale of Notes and Warrants. In fiscal 1995, the Company made scheduled cash interest payments on the Notes in the amount of \$8.0 million. Principal of the Notes is due in 2002.

The Company's revenues fluctuate throughout the year. The Company's second fiscal quarter (January through March) generally produces the lowest revenues for the year and the third fiscal quarter (April through June) generally produces the highest revenues, primarily due to increased levels of advertising during this period. The Company's operating results in any period may also be affected by the occurrence of advertising and promotional expenses that do not produce commensurate revenues in the period in which the expenses are incurred. As a result of Arbitron's practice of reporting radio ratings on a quarterly basis, the potential effects of changes in audience ratings on the Company's advertising revenues may be delayed.

The Company is in the process of arranging for the financing of the purchase price for the Pending Acquisitions, and is exploring various financing options. The Company expects to finance the purchase price with a combination of one or more of the following: internally generated funds, proceeds from the sale of non-strategic assets, proceeds from the sale of the Company's debt and/or equity securities, and/or borrowings under a long-term credit facility. There can be no assurance that the Company will consummate the Pending Acquisitions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item 8 is included following "Item 14. Index to Consolidated Financial Statements and Schedules, and Reports on Form 8-K" appearing at the end of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS, EXECUTIVE OFFICERS AND KEY EMPLOYEES BIOGRAPHICAL INFORMATION

The following table sets forth the names, ages and positions of the directors, executive officers and certain key employees of the Company as of September 29, 1996. Each director of the Company serves until his successor is elected and qualifies.

<TABLE>  
<CAPTION>

NAME	AGE	CURRENT POSITION WITH THE COMPANY
<S>	<C>	<C>
Pablo Raul Alarcon Sr.	70	Chairman of the Board of Directors of the Company
Raul Alarcon Jr*	40	President and Chief Executive Officer and a Director of the Company
Jose Grimalt	68	Secretary and a Director of the Company
Joseph Garcia	51	Vice President and Chief Financial Officer of the Company
Walter F. McLallen IV*	29	Director of the Company
Arnold Sheiffer*	63	Director of the Company
Russell Oasis	46	Executive Vice President-Programming, Chief Operating Officer of Miami Stations
Eugenio Bryan	38	Vice President/Sales - N.Y. Stations

</TABLE>

\*Member of the Audit and the Compensation Committees of the Board of Directors.

Pablo Raul Alarcon Sr. has been the Chairman of the Board of Directors of the Company since its formation in June 1994. He also serves as the Chairman of the Board of Spanish Broadcasting System, Inc., a New Jersey corporation that is wholly-owned by the Company ("SBS-NJ"), and those of the Company's other subsidiaries that own and operate the Company's radio stations. Mr. Alarcon Sr. has been involved in Spanish language radio broadcasting for much of his life. In 1956, he established the first radio network, "Radio Cadena Agramonte," in Camaguey Province, Cuba. By the late 1950's he owned three stations and co-owned six others in Cuba's Camaguey and Oriente provinces. After his stations were confiscated by the Castro regime, Mr. Alarcon Sr. moved to the United States in 1960 where he joined WBNX-AM in New York as a radio personality and later became a program director and station manager. In 1972, he created "La Grande" on WEVD-FM which became one of the most successful Spanish radio programs in New York. Mr. Alarcon Sr. helped found SBS-NJ which purchased the Company's first radio station, WXLX-AM, which serves the New York City metropolitan area. (Before the Company was formed in June 1994, SBS-NJ was the parent Company of all other subsidiaries of the Company.) Mr. Alarcon Sr. is the father of Raul Alarcon Jr.

Raul Alarcon Jr. has been the President and Chief Executive Officer of the Company since its formation in June 1994. He also serves as the President and a Director of SBS-NJ and President or Vice President of those of the



Company's other subsidiaries that own and operate the Company's radio stations. Mr. Alarcon Jr. joined SBS-NJ as a sales manager in 1983 and became a Director and the President and Chief Executive Officer of SBS-NJ in 1986. Mr. Alarcon, Jr. is responsible for the Company's long range strategic planning and was instrumental in the acquisition and financing of each of the Company's radio stations. Mr. Alarcon Jr. is the son of Mr. Alarcon Sr. and the son-in-law of Mr. Grimalt.

Jose Grimalt has been the Secretary of the Company since its formation in June 1994. He also serves as a Director and the Secretary of SBS-NJ and those of the Company's subsidiaries that own and operate the Company's radio stations. From 1969 to 1986, Mr. Grimalt owned and operated Spanish language station WL VH-FM, in Hartford, Connecticut with a contemporary Spanish language music format. In 1984, Mr. Grimalt became a stockholder and the President of the Company's California subsidiary which operates KXMG-AM in Los Angeles. Mr. Grimalt is Mr. Alarcon Jr.'s father-in-law.

Joseph Garcia has been the Chief Financial Officer of the Company since the Company was formed in June 1994. He was appointed Vice President in March 1996. He joined SBS-NJ in 1984 and since then has served as the Chief Financial Officer of SBS-NJ and those of the Company's subsidiaries that own and operate the Company's radio stations. Before joining SBS-NJ, Mr. Garcia spent thirteen years in financial positions with General Foods, Philip Morris and Revlon, where he was Manager of Financial Planning for Revlon-Latin America. In addition to conventional financial duties, Mr. Garcia assists the Company's President in formulating strategic plans for the acquisition of radio properties and negotiating for bank financing and capital formation. Mr. Garcia holds a B.B.A. in Accounting from Baruch College and an M.B.A. from St. John's University.

Walter F. McLallen IV was elected to the Board of Directors in December 1994. He is a Managing Director of CIBC Wood Gundy Securities Corp., the successor to The Argosy Group L.P., an investment banking firm that acted as a placement agent in connection with the sale of the Notes and Warrants and for which it was paid approximately \$3,123,000 in fiscal 1994. Mr. McLallen has been employed by CIBC Wood Gundy Securities Corp. since it acquired The Argosy Group L.P. in 1995. Mr. McLallen had been employed by the Argosy Group L.P. since 1990. From 1988 to 1990, Mr. McLallen was a member of the mergers and acquisitions department of the investment banking firm Drexel Burnham Lambert Incorporated.

Arnold Sheiffer was elected to the Company's Board of Directors in December 1994. He is a private investor. From January 1990 until September 30, 1994, Mr. Scheiffer was an Executive Vice President and Chief Financial Officer of Katz Communications, Inc. ("Katz") and a director and stockholder of Katz, the largest national sales representation firm in the broadcasting industry. From January 1992 until September 30, 1994, Mr. Sheiffer served as Executive Vice President and Chief Operating Officer of Katz. From June 1989 until January 1990, Mr. Sheiffer was retained by Katz as a financial consultant. For approximately 30 years prior thereto, Mr. Sheiffer was the managing partner of A. Sheiffer & Company, certified public accountants. Since September 1993, Katz has served as the exclusive national advertising sales representative for the Company's eight stations in Los Angeles, New York and Miami (excluding WPAT-FM).

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Russell Oasis has been the Executive Vice President-Programming of the Company and Chief Operating Officer of WCMQ-FM in Miami since September 1996. Upon the acquisitions of WXDJ-FM and WRMA-FM in Miami, Mr. Oasis will also be the Chief Operating Officer of such stations. He began his career at WFUN in Miami in 1973. In 1979 Mr. Oasis formed the Ad Team advertising agency where he remained a principal until 1993. During 1987 he purchased WXDJ-FM in Miami. Subsequently, in 1994, he purchased WRMA-FM in Fort Lauderdale. The Company has entered into agreements to acquire WXDJ-FM and WRMA-FM. ("See Pending Acquisitions".)

Eugenio Bryan joined SBS-NJ in 1993 and was the Vice President of Sales of SBS-NJ until his resignation in November 1996. For twelve years Mr. Bryan has been involved in media advertising and sales. During 1993, Mr. Bryan served as a Vice President of Multi-Local Media, Inc., a company engaged in the sale of advertising in the Yellow Pages. From 1987 to 1993, he was the Vice President and General Sales Manager for Katz Hispanic Media, a division of Katz. Between 1982 and 1986, Mr. Bryan held positions in media planning with Young & Rubicam, Inc. in New York City and in sales management with Infinity Broadcasting Corporation Houston and with Caballero Radio Network in New York City. Mr. Bryan's employment with the Company ceased in November, 1996.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is comprised of Messrs. Alarcon Jr., McLallen and Sheiffer. Mr. Alarcon, Jr. is the President and Chief Executive Officer of the Company. See "Certain Relationships and Related Transactions."



The Compensation Committee did not meet in fiscal 1996. Compensation of the Company's executive officers for fiscal 1996 was determined by Mr. Alarcon, Jr.

ITEM 11. EXECUTIVE COMPENSATION

The following sets forth all compensation awarded to, earned by or paid for services rendered to the Company and its subsidiaries in all capacities during the fiscal years 1996, 1995 and 1994 by the Company's Chief Executive Officer and the Company's next four highest paid executive officers at September 29, 1996, whose annual salary and bonus exceeded \$100,000 (the "named executive officers").

SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

NAME	PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION
<S>	<C>	<C>	<C>	<C>	<C>
RAUL ALARCON JR.	President and Chief Executive Officer	1996	\$ 746,584 (1)	\$ 237,000	(2)
		1995	\$ 374,725 (1)	\$ 552,000	(2)
		1994	\$ 412,221 (1)	- 0 -	(2)
PABLO RAUL ALARCON SR.	Chairman of the Board of Directors	1996	\$ 464,000	\$ 12,000	(2)
		1995	\$ 424,246	- 0 -	(2)
		1994	\$ 271,698 (3)	\$ 100,000	(2)
JOSE GRIMALT	Secretary and Director	1996	\$ 250,000	\$ 12,000	(2)
		1995	\$ 235,576	- 0 -	(2)
		1994	\$ 129,808	- 0 -	253,230 (4)
JOSEPH A. GARCIA	Chief Financial Officer	1996	\$ 214,659	\$ 5,000	(2)
		1995	\$ 182,807	\$ 231,000	(2)
		1994	\$ 124,211	\$ 20,000	(2)
EUGENIO BRYAN (5)	Vice President/ Sales N.Y. Stations	1996	\$ 152,330	\$ 101,131	(2)
		1995	\$ 120,000	\$ 61,890	(2)
		1994	\$ 97,423	- 0 -	(2)

</TABLE>

(1) Excludes amount paid by the Company in connection with the lease by the Company of an apartment in New York, New York owned by Mr. Alarcon Jr. and used by the Company's employees and customers. See "Item 13. Certain Relationships and Related Transaction."

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(2) Excludes perquisites and other personal benefits, securities or property which aggregate the lesser of \$50,000 or 10% of the total of annual salary and bonus.

(3) Includes \$30,000 paid in connection with Mr. Alarcon Sr.'s daily morning broadcasts.

(4) Includes \$166,782 paid as a one percent commission on revenues from advertisers on the Company's radio stations in Los Angeles for the year ended September 25, 1994, \$75,000 worth of advertising time bartered by the Company for an automobile used by Mr. Grimalt. Excludes \$24,000 of interest paid by the Company to Mr. Grimalt during the year ended September 25, 1994, on account of a loan made by Mr. Grimalt to the Company. See "Item 13. Certain Relationships and Related Transactions."

(5) Mr. Bryan is no longer employed by the Company.

EMPLOYMENT AGREEMENTS AND ARRANGEMENTS

In September 1996, the Company entered into a one-year employment agreement with Russell Oasis pursuant to which Mr. Oasis will serve as the Executive Vice President-Programming of the Company and Chief Operating Officer of WCMQ-FM, and upon their acquisition, WXDJ-FM and WRMA-FM in Miami. Mr. Oasis will be paid a base salary of \$450,000. Additionally, he will be paid a cash bonus if the Company's Broadcast Cash Flow percentage increases to certain agreed-upon levels.

LIMITATIONS ON DIRECTORS' AND OFFICERS' LIABILITY

The Company's Restated Certificate of Incorporation limits the liability of directors to the maximum extent permitted by Delaware law, which specifies that a director of a company adopting such a provision will not be personally liable for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the company or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit.

The Company's By-laws provide for mandatory indemnification of directors and authorize indemnification for officers (and others) in such manner, under such circumstances and to the fullest extent permitted by the Delaware General Corporation Law, which generally authorizes indemnification as to all expenses incurred or imposed as a result of actions, suits or proceedings if the indemnified parties act in good faith and in a manner they reasonably believe to be in or not opposed to the best interests of the Company. The Company believes that these provisions are necessary or useful to attract and retain qualified persons as directors and officers.

There is no pending litigation or proceeding involving a director or officer as to which indemnification is being sought.

OPTION PLAN

In 1994, the Company adopted a stock option plan pursuant to which shares of the Company's Class A Common Stock are reserved for issuance upon the exercise of options. Officers, directors and/or key employees are eligible to participate in the plan. As of September 29, 1996, no options had been granted under the plan.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the beneficial ownership of the Company's Common Stock by (i) each person known to the Company to own beneficially more than 5% of any class of Common Stock, (ii) each director and each named executive officer and (iii) all directors and executive officers of the Company as a group. All shares are owned with sole voting and investment power.

<TABLE>  
<CAPTION>

NAMES OF STOCKHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS (1)	CLASS A COMMON STOCK		CLASS B COMMON STOCK		PERCENTAGE OF ECONOMIC OWNERSHIP OF ALL COMMON STOCK	PERCENTAGE OF VOTING POWER OF ALL COMMON STOCK
	SHARES (2)	PERCENT OF CLASS A SHARES	SHARES (2)	PERCENT OF CLASS B SHARES		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Pablo Raul Alarcon, Sr.	-	-	36,400	75%	6%	31%
Raul Alarcon Jr.	558,135	100%	-	-	92%	59%
Jose Grimalt	-	-	12,133	25%	2%	10%
Walter F. McLallen IV	-	-	-	-	-	-
Arnold Sheiffer	-	-	-	-	-	-
Joseph Garcia	-	-	-	-	-	-
Russell Oasis	-	-	-	-	-	-
Eugenio Bryan*	-	-	-	-	-	-
Directors and Officers as a group	558,135	100%	48,533	100%	100%	100%

</TABLE>

\*No longer employed by the Company

- (1) The address of all persons in this table, unless otherwise specified, is c/o Spanish Broadcasting System, Inc., 26 West 56th Street, New York, New York 10019.
- (2) As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting of a security or the sole or shared investment power with respect to a security (i.e., the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person named above, any security that such person has the right to acquire within 60 days of the date of calculation is deemed to be outstanding, but is not deemed to be outstanding for purposes of computing the percentage ownership of any other person.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 1992, Raul Alarcon Jr. organized Nuestra Telefonica, Inc., a New York corporation ("Nuestra") to operate long distance telephone service in Spanish to serve the Hispanic population in the markets served by the Company's radio stations. In February 1993, Nuestra entered into an access agreement with a common carrier and commenced operations. From May 1993 until July 1994, Nuestra regularly advertised its Spanish language long distance telephone service on the Company's radio stations in Los Angeles and New York and while Nuestra purchased this air time at standard station rates, it has deferred payment to the Company until Nuestra has generated sufficient revenues to make these payments. Since July 1994, while the Company has sold air time and provided services to Nuestra on substantially the same terms and conditions as with unrelated third parties, Nuestra has only sporadically advertised its services on the Company's stations in Los Angeles and New York. As of September 29, 1996, Nuestra owed the company approximately \$663,059 primarily for advertising services. Mr. Alarcon Jr. has personally guaranteed the payment of the aggregate amount of Nuestra's obligations to the Company incurred on or prior to June 29, 1994, which aggregated approximately \$533,124, since these obligations were not paid by December 31, 1995. Nuestra and the Company entered into a barter agreement in which phone service was provided to the Company by Nuestra in exchange for advertising time. Mr. Alarcon Jr., the Company's President and Chief Executive Officer, is Nuestra's Chairman and majority shareholder. Joseph A. Garcia, the Company's Chief Financial Officer, is Nuestra's President and a minority shareholder. Since June 1995, Nuestra has not utilized any time on the Company's radio stations.

In 1992, Messrs. Alarcon Sr. and Alarcon Jr. acquired a building in Coral Gables, FL, for the purpose of housing the studios of WCMQ-AM and FM. In June 1992, SBS-Florida, a subsidiary of the Company, entered into a 20-year net lease with Messrs. Alarcon Sr. and Alarcon Jr. for the Coral Gables building which provides for a base monthly rent of \$9,000. This building currently houses the offices and studios of WCMQ-AM and FM and WZMQ-FM. The lease on the stations' previous studios expired in October 1993, was for less than half the space of the

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stations' present studios and had a monthly rental of approximately \$7,500. Based upon its prior lease for studio space, the Company believes that the lease for the current studio is at market rates.

Effective July 1993, Messrs. Alarcon Sr. and Alarcon Jr., executed promissory notes to the Company for the principal amounts of \$492,173 and \$1,617,086, respectively. The promissory notes represent loans made by the Company to Messrs. Alarcon Sr. and Alarcon Jr. over several prior years. The promissory notes were due in 2001 and bore interest at the rate of six (6%) percent per annum until July 19, 1994 and thereafter at the lesser of nine (9%) per annum or the prime rate charged by The Chase Manhattan Bank, N.A. Principal on the notes is payable at maturity and interest on the unpaid principal amount was payable annually. In December 1995, the Company exchanged the promissory notes for amended and restated notes in the principal amounts of \$577,323 and \$1,896,913, due from Messrs. Alarcon Sr. and Alarcon Jr., respectively. The amended and restated notes of Messrs. Alarcon Sr. and Alarcon Jr. bear interest at the rate of 6.36% per annum, mature on December 30, 2025 and are payable in thirty (30) equal annual installments of \$43,570 and \$143,158, respectively on December 30th of each year commencing December 30, 1996.

For the year ended September 29, 1996, the Company paid operating expenses aggregating approximately \$126,000 for a boat owned by CMQ Radio, Inc. ("CMQ"), a North Carolina corporation owned equally by Messrs. Alarcon Sr. and Alarcon Jr. The boat is used by the Company for business entertainment. For the year ended September 29, 1996 the amount paid by the Company for its use of the boat owned by CMQ was comparable to amounts it would have paid had the Company

leased the boat from an unaffiliated party.

The Company leases a two-bedroom furnished condominium apartment in midtown Manhattan from Mr. Alarcon Jr. for a monthly rent of \$9,000. The lease commenced in August 1987 and will end in August 1997, unless sooner terminated by Mr. Alarcon Jr. Generally the apartment is used by Company's executives, customers and business associates. The Company believes that the lease for this apartment is at market rates.

Mr. Alarcon Sr.'s brother-in-law is employed by the Company as the Operations Manager of the Company's Miami stations for which he was paid \$82,062 (including bonus) for the year ended September 29, 1996.

Mr. Grimalt's son is currently employed as a commissioned salesman for which he was paid \$100,912 for the year ended September 29, 1996.

In August 1995, the Company loaned \$200,000 to a former employee, which amount remains outstanding. The amount is fully reserved as discussed in the "Management's Discussion and Analysis of Financial Results" section of this document.

In September 1996, the Company entered in an acquisition agreement to acquire radio stations WXDJ-FM and WRMA-FM. Russell Oasis is one of the sellers of such stations. See "Pending Acquisitions."

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) FINANCIAL STATEMENTS

- \* Consolidated Balance Sheets as of September 24, 1995 and September 29, 1996.
- \* Consolidated Statements of Operations for each of the years in the three-year period ended September 29, 1996
- \* Consolidated Statements of Changes in Stockholders' Deficiency for each of the years in the three-year period ended September 29, 1996.
- \* Consolidated Statements of Cash Flows for each of the years in the three-year period ended September 29, 1996.
- \* Notes to Consolidated Financial Statements

(2) FINANCIAL STATEMENT SCHEDULES

- \* Schedule II Valuation and Qualifying Accounts

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(b) REPORTS ON FORM 8-K

- \* None

(c) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1.1	-- Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1.1 of the Company's Current Report on Form 8-K, dated March 25, 1996 (the "Current Report").
3.1.2	-- Bylaws of the Company. Incorporated by reference to Exhibit 3.1.2. of the Company's Registration Statement on Form S-4 No. 33-82114 (the "1994 Registration Statement").
3.2	-- Certificate of Designations of Series A Exchangeable Preferred Stock. Incorporated by reference to Current Report.
3.9.1	-- Certificate of Incorporation of SBS of Greater New York, Inc. ("SBS-GNY"). Incorporated by reference to Current Report.
3.9.2	-- Bylaws of SBS-GNY. Incorporated by reference to

Current Report.

- 4.1 -- Indenture dated June 29, 1994 among the Company, IBJ Schroder Bank & Trust Company, as Trustee, the Guarantors named therein and the Purchasers named therein. Incorporated by reference to Exhibit 4.1 of the 1994 Registration Statement.
- 4.2.2 -- First Supplemental Indenture dated as of March 25, 1996 to Indenture dated as of June 29, 1994 among the Company, the Guarantors named therein and IBJ Schroder Bank & Trust Company, as Trustee. Incorporated by reference to Current Report.
- 4.3 -- Indenture dated as of March 25, 1996 among the Company, the Guarantors named therein, IBJ Schroder Bank & Trust Company, as Trustee, and the Purchasers named therein. Incorporated by reference to Current Report.
- 10.1 -- Securities Purchase Agreement dated as of June 29, 1994 by and among the Company, the Guarantors named therein and each of the purchasers referred to therein. Incorporated by reference to Exhibit 10.1 of the 1994 Registration Statement.
- 10.2 -- Warrant Agreement dated as of June 29, 1994 between the Company and IBJ Schroder Bank & Trust Company, as Warrant Agent. Incorporated by reference to Exhibit 10.2 of the 1994 Registration Statement.
- 10.3 -- Common Stock Registration Rights and Stockholders Agreement dated as of June 29, 1994 among the Company, certain management stockholders and each of the purchasers named therein. Incorporated by reference to Exhibit 10.3 of the 1994 Registration Statement.
- 10.4 -- 1994 Stock Option Plan of the Company. Incorporated by reference to Exhibit 10.4 of the 1994 Registration Statement.
- 10.5.1 -- Broadcast Station License dated September 20, 1983 issued by the Federal Communications Commission ("FCC") to Sabre Broadcasting Corporation in connection with WXLX-AM, together with an Assignment thereof from Sabre Broadcasting Corporation to Spanish Broadcasting System, Inc., a New Jersey

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Corporation ("SBS-NJ") and evidence of license renewal. Incorporated by reference to Exhibit 10.8.1 of the 1994 Registration Statement.

- 10.5.2 -- Construction Permit dated July 21, 1993 issued by the FCC to SBS-NJ in connection with WXLX-AM. Incorporated by reference to Exhibit 10.8.2 of the Registration Statement.
- 10.5.3 -- AM Broadcast Station Construction Permit dated February 1, 1991 issued by the FCC to Spanish Broadcasting System, Inc., a New Jersey corporation ("SBS-NJ") in connection with WXLX. Incorporated by reference to Current Report.
- 10.5.4 -- Ground Lease dated December 18, 1995 between Louis Viola Company and SBS-NJ. Incorporated by reference to Current Report.
- 10.5.5 -- Ground Lease dated December 18, 1995 between Frank F. Viola and Estate of Thomas C. Viola and SBS-NJ. Incorporated by reference to Current Report.
- 10.6 -- Broadcast Station License dated November 23, 1994 issued by the FCC to Spanish Broadcasting System of New York, Inc., ("SBS-NY") in connection with WSKQ-FM. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended September 24, 1994 (the "1994

10-K").

- 10.7 -- Broadcast Station License dated September 25, 1990 issued by the FCC to Spanish Broadcasting System of Florida, Inc. ("SBS-Fla") in connection with WCMQ-AM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.10 of the 1994 Registration Statement.
- 10.7.2 -- Evidence of renewal of Federal Communications Commission ("FCC") Broadcast Radio License of WCMQ-AM. Incorporated by reference to Current Report.
- 10.8 -- Broadcast Station License dated April 1, 1994 issued by the FCC to SBS-Fla in connection with WCMQ-FM, together with evidence of license. Incorporated by reference to Exhibit 10.11 of the 1994 Registration Statement.
- 10.8.2 -- Evidence of renewal of FCC Broadcast Radio License for WCMQ-FM. Incorporated by reference to Current Report.
- 10.9 -- Broadcast Station License dated July 28, 1993 issued by the FCC to SBS-Fla in connection with WZMQ-FM. Incorporated by reference to Exhibit 10.12 of the 1994 Registration Statement.
- 10.9.2 -- Evidence of renewal of FCC Broadcast Radio License for WZMQ-FM. Incorporated by reference to Current Report.
- 10.10 -- Broadcast Station License dated April 8, 1986 issued by the FCC to SBS-NJ in connection with KXMG-AM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.13 of the 1994 Registration Statement.
- 10.11 -- Broadcast Station License dated February 21, 1992 issued by the FCC to SBS-Fla in connection with KLAX-FM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.14 of the 1994 Registration Statement.
- 10.12.1 -- Broadcast Station License dated June 26, 1995 issued by the FCC to CSJ Investments, Inc. in connection with WSKP-FM (the "WSKP Broadcast License"). Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended September 26, 1995 (the "1995 10-K")

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- 10.12.2 -- Consent to Assignment of the WSKP Broadcast License from CSJ Investments, Inc. to SBS-Fla issued by the FCC. Incorporated by reference to 1995 10-K
- 10.12.3 -- Evidence of renewal of FCC Broadcast Radio License for WSKP-FM. Incorporated by reference to Current Report.
- 10.13.1 -- Lease and License Agreement dated February 1, 1991 between Empire State Building Company, as landlord, and SBS-NY, as tenant. Incorporated by reference to Exhibit 10.15.1 of the 1994 Registration Statement.
- 10.13.2 -- Modification of Lease and License dated June 30 1992 between Empire State Building Company and SBS-NY related to WSKQ-FM. Incorporated by reference to Exhibit 10.15.2 of the 1994 Registration Statement.
- 10.13.3 -- Lease and License Modification and Extension Agreement dated as of June 30, 1992 between Empire State Building Company, as landlord, and SBS-NY as tenant. Incorporated by reference to Exhibit 10.15.3 of the 1994 Registration Statement.
- 10.14.1 -- Employment Agreement dated April 26, 1993 by and

between SBS-NY, and Alfredo Rodriguez.  
Incorporated by reference to Exhibit 10.16 of the  
1994 Registration Statement.

- 10.14.2 -- Employment Agreement dated June 23, 1995 by and  
between Spanish Broadcasting Systems of  
California, Inc. ("SBS-CA") and Alfredo Rodriguez.  
Incorporated by reference to Exhibit 10.15 to 1995  
10-K.
- 10.14.3 -- Employment Agreement dated July 19, 1993 by and  
between SBS-NJ and Alfredo Alonso. Incorporated by  
reference to Exhibit 10.18 of the 1994  
Registration Statement.
- 10.14.4 -- Employment Agreement dated May 3, 1994 by and  
between SBS-Fla and Claudia Puig. Incorporated by  
reference to Exhibit 10.19 of the 1994  
Registration Statement.
- 10.14.5 -- Employment Agreement dated October 24, 1995  
between SBS-NY and Beatriz Pino. Incorporated by  
reference to Exhibit 10.18 of 1995 10-K.
- 10.16 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-NJ  
in connection with WXLX-AM. Incorporated by  
reference to Exhibit 10.20 of the 1994  
Registration Statement.
- 10.17 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-NY  
in connection with WSKQ-FM. Incorporated by  
reference to Exhibit 10.21 of the 1994  
Registration Statement.
- 10.18 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-CA  
in connection with KXMG-AM. Incorporated by  
reference to Exhibit 10.22 of the 1994  
Registration Statement.
- 10.19 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-CA  
in connection with KLAX-FM. Incorporated by  
reference to Exhibit 10.23 of the 1994  
Registration Statement.
- 10.20 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-Fla  
in connection with WCMQ-AM. Incorporated by  
reference to Exhibit 10.24 of the 1994  
Registration Statement.

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- 10.21 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-Fla  
in connection with WCMQ-FM. Incorporated by  
reference to Exhibit 10.25 of the 1994  
Registration Statement.
- 10.22 -- Representation Agreement dated as of September 27,  
1993 between Katz Communications, Inc. and SBS-Fla  
in connection with WZMQ-FM. Incorporated by  
reference to Exhibit 10.26 of the 1994  
Registration Statement.
- 10.23 -- Promissory Note, dated as of December 31, 1995 of  
Raul Alarcon, Sr. to SBS-NJ in the principal  
amount of \$577,323. Incorporated by reference to  
Exhibit 10.26 to 1995 10-K.
- 10.24 -- Promissory Note, dated as of December 31, 1995 of  
Raul Alarcon, Jr. to SBS-NJ in the principal  
amount of \$1,896,913. Incorporated by reference to  
Exhibit 10.27 to 1995 10-K.
- 10.25 -- Lease Agreement dated June 1, 1992 among Raul  
Alarcon, Sr., Raul Alarcon, Jr., and SBS-Fla.  
Incorporated by reference to Exhibit 10.30 of the  
1994 Registration Statement.

- 10.26 -- Transmitted Facility Sublicense (KTYM/KSKQ-FM) dated as of June 1, 1991 between Trans-America Broadcasting Corporation and SBS-CA relating to KSKQ-FM (Baldwin Hills Tower Lease). Incorporated by reference to Exhibit 10.31 of the 1994 Registration Statement.
- 10.27 -- Indenture dated October 12, 1988 between Alarcon Holdings, Inc. and SBS-NJ related to the studio located at 26 West 56th Street, NY, NY. Incorporated by reference to Exhibit 10.32 of the 1994 Registration Statement.
- 10.28 -- Communications Equipment Site Lease Agreement between Freeman Properties, Inc. and SBS-Fla dated July 1, 1992 (WZMQ/WKLG-FM). Incorporated by reference to Exhibit 10.33 of the 1994 Registration Statement.
- 10.29.2 -- Lease Option Agreement made as of October 1, 1995 between KPWR, Inc. and the Company relating to Flint Peak. Incorporated by reference to Current Report.
- 10.29.3 -- Form of Lease Agreement by and between KPWR, Inc. and the Company relating to KLAX. Incorporated by reference to Current Report. Incorporated by reference to Current Report.
- 10.32.1 -- Asset Purchase Agreement dated as of October 30, 1995 between SBS-NJ and Park Radio of Greater New York, Inc. ("Park Radio"). Incorporated by reference to Exhibit 10.32 of the 1995 10-K.
- 10.32.2 -- First Amendment dated as of March 18, 1996 to the Asset Purchase Agreement dated as of October 1995, among SBS-NJ, Park Radio and SBS-GNY. Incorporated by reference to Current Report
- 10.33 -- Escrow Agreement dated as of October 30, 1995 by and among SBS-NJ, Park Radio and Media Ventures. Incorporated by reference to Current Report.
- 10.34 -- Time Brokerage Agreement dated as of January 20, 1995 between the SBS-GNY and Park Radio. Incorporated by reference to Current Report.
- 10.35 -- Broadcast Station License dated June 1, 1984 issued by the FCC to Capital Cities Communications, Inc. ("Capital Cities") in connection with WPAT-FM, together with FCC License Renewal authorization granted October 29, 1991 to Park Radio, as

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assignee of Capital Cities and the assignment of the Broadcast Station License for WPAT-FM from Park Radio to SBS-NY. Incorporated by reference to Current Report.

- 10.36 -- Agreement of Lease dated as of March 1, 1996. No WT-1744-A-119 1067 between The Port Authority of New Jersey and SBS-GNY as assignee of Park Radio. Incorporated by reference to Current Report.
- 10.37 -- Securities Purchase Agreement dated as of March 25, 1996 by and among the Company, the Guarantors named therein and each of the purchasers named therein. Incorporated by reference to Current Report.
- 10.38 -- Warrant Agreement dated as of March 25, 1996 by and among the Company and IBJ Schroder Bank and Trust Company, as Warrant Agent. Incorporated by reference to Current Report.
- 10.39 -- Common Stock Registration Rights and Stockholders Agreement dated as of March 25, 1996 among the Company, certain management stockholders and each of the purchasers named herein. Incorporated by



reference to Current Report.

- 10.40 -- Senior Secured Note and Exchangeable Preferred Stock Registration Rights Agreement dated as of March 25, 1996 among the Company and each of the purchasers named therein. Incorporated by reference to Current Report.
- 10.41 -- Pledge and Security Agreement dated as of March 25, 1996 by and among SBS-NJ, SBS-GNY and IBJ Schroder Bank & Trust Company, as agent. Incorporated by reference to Current Report.
- 10.42 -- Employment Agreement dated September 27, 1996 between Russell Oasis and the Company.\*
- 10.43 -- Asset Purchase Agreement dated September 16, 1996 among Raul Alarcon Jr., New Age Broadcasting, Inc., The Seventies Broadcasting Corporation and the Company, and with respect only to Section 9.3 thereof, Alan Potamkin, Russell Oasis and Robert Potamkin.\*
- 10.44 -- Asset Purchase Agreement dated August 22, 1996 between Infinity Holdings Corp. of Orlando and the Company.\*
- 21.1 -- List of Subsidiaries. Incorporated by reference to the 1994 10-K

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\*Filed herewith

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Consolidated Financial Statements

September 25, 1994, September 24, 1995 and  
September 29, 1996

(With Independent Auditors' Report Thereon)

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Index to Consolidated Financial Statements and  
Financial Statement Schedule Covered by Independent Auditors' Report

(Item 14 (A) 1)

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<S>	<C>
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Consolidated Statements of Operations for each of the fiscal years in the three-year period ended September 29, 1996	F - 3
Consolidated Statements of Changes in Stockholders' Deficiency for each of the fiscal years in the three-year period ended September 29, 1996	F - 4
Consolidated Statements of Cash Flows for each of the fiscal years in the three-year period ended September 29, 1996	F - 5
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Financial statement schedule for each of the fiscal years in the three-year period ended September 29, 1996:	
Schedule II Valuation and Qualifying Accounts	F - 23
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All other schedules have been omitted because the required information either is not applicable or is included in the consolidated financial statements or notes thereto.

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Spanish Broadcasting System, Inc.:

We have audited the consolidated financial statements of Spanish Broadcasting System, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Spanish Broadcasting System, Inc. and subsidiaries as of September 24, 1995 and September 29, 1996, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended September 29, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 2(d) to the consolidated financial statements, effective September 25, 1995, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

KPMG Peat Marwick LLP

New York, New York  
November 21, 1996

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Consolidated Balance Sheets

September 24, 1995 and September 29, 1996

<TABLE>  
<CAPTION>

ASSETS	1995 ----	1996 ----
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$17,817,119	5,468,079
Receivables:		
Trade (note 7)	12,614,434	12,104,500
Barter	3,770,316	3,236,289
	-----	-----
	16,384,750	15,340,789
Less allowance for doubtful accounts	5,184,886	4,510,763
	-----	-----
Net receivables	11,199,864	10,830,026
Other current assets	549,270	1,115,332
	-----	-----

Total current assets	29,566,253	17,413,437
Property and equipment, net of accumulated depreciation of \$11,824,873 in 1995 and \$13,662,458 in 1996 (notes 4 and 9)	17,596,572	18,873,036
Franchise costs, net of accumulated amortization of \$13,955,089 in 1995 and \$16,673,482 in 1996 (notes 3 and 5)	50,251,987	133,917,182
Deferred financing costs, net of accumulated amortization of \$990,194 in 1995 and \$1,974,195 in 1996 (note 5)	5,647,915	6,235,341
Due from related party (note 7)	286,947	289,869
Other assets	279,566	131,294
	-----	-----
	\$ 103,629,240	176,860,159
	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

LIABILITIES AND STOCKHOLDERS' DEFICIENCY	1995	1996
	----	----
<S>	<C>	<C>
Current liabilities:		
Current portion of long-term debt (note 6)	\$ 61,565	53,572
Accounts payable	1,253,641	1,564,015
Accrued expenses	3,061,724	3,354,192
Accrued interest	2,341,919	2,394,621
Income taxes payable	196,835	--
Unearned revenue	656,875	875,256
	-----	-----
Total current liabilities	7,572,559	8,241,656
Senior secured notes, net of unamortized discount of \$12,743,913 in 1995 and \$7,612,631 in 1996 (note 5)	94,315,087	99,446,369
New senior secured notes, net of unamortized discount of \$1,818,118 (note 5)	--	35,381,003
Deferred income taxes payable	1,745,682	387,960
Long-term debt, less current portion (note 6)	1,146,066	1,033,368
Redeemable Series A Preferred Stock, \$.01 par value Authorized 49,201 shares; issued and outstanding 39,951 shares (liquidation value \$39,951,000) (note 5)	--	35,938,659
Stockholders' deficiency (notes 5 and 8):		
Class A common stock, \$.01 par value. Authorized 5,000,000 shares; issued and outstanding 558,135 shares in 1995 and 1996	5,581	5,581
Class B common stock, \$.01 par value. Authorized 200,000 shares; issued and outstanding 48,533 shares in 1995 and 1996	485	485
Additional paid-in capital	5,690,934	10,806,004
Accumulated deficit	(4,425,882)	(11,906,690)
	-----	-----
	1,271,118	(1,094,620)
Less loans receivable from stockholders (note 7)	(2,421,272)	(2,474,236)
	-----	-----
Total stockholders' deficiency	(1,150,154)	(3,568,856)
	-----	-----
Commitments and contingencies (notes 3, 9 and 11)		
	\$ 103,629,240	176,860,159
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Consolidated Statements of Operations

Fiscal years ended September 25, 1994, September 24, 1995 and  
September 29, 1996

	1994	1995	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Gross revenues	\$ 45,825,089	54,152,328	55,337,720
Less agency commissions	5,688,219	6,828,430	6,702,302
	-----	-----	-----
Net revenues	40,136,870	47,323,898	48,635,418
	-----	-----	-----
Operating expenses (notes 7 and 9):			
Engineering	1,439,983	1,484,585	1,773,027
Programming	4,853,155	5,044,967	5,864,066
Selling	10,141,557	11,106,770	13,864,695
General and administrative	5,709,679	5,361,320	6,374,622
Corporate expenses	2,884,328	4,281,141	3,747,714
Depreciation and amortization	3,255,672	3,389,034	4,555,978
	-----	-----	-----
	28,284,374	30,667,817	36,180,102
	-----	-----	-----
Operating income	11,852,496	16,656,081	12,455,316
Other income (expense):			
Interest expense, net of interest income of \$318,463 in 1994, \$826,821 in 1995 and \$547,952 in 1996	(14,203,446)	(12,874,392)	(16,533,278)
Financing costs	(3,457,611)	--	(876,579)
Other, net (notes 4 and 11)	34,709	(380,660)	(697,741)
Income (loss) before income taxes and extraordinary item	-----	-----	-----
	(5,773,852)	3,401,029	(5,652,282)
Income tax expense (benefit) (note 10)	(2,231,070)	1,411,394	(1,165,800)
Income (loss) before extraordinary item	-----	-----	-----
	(3,542,782)	1,989,635	(4,486,482)
Extraordinary item - gain on extinguishment of debt, net of deferred Federal income taxes of \$2,895,014 and current state and local income taxes of \$165,910 (note 5)	70,254,772	--	--
	-----	-----	-----
Net income (loss)	\$ 66,711,990	1,989,635	(4,486,482)
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Deficiency

Fiscal years ended September 25, 1994, September 24, 1995 and September 29, 1996

<TABLE>  
<CAPTION>

	No par value common stock		Class A common stock	
	No. of shares	Stated value	No. of shares	Par value
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance at September 26, 1993	1,449	\$ 300,000	--	\$ --
Exchange of common shares (note 8)	(1,449)	(300,000)	558,135	5,581
Issuance of warrants (note 5)	--	--	--	--
Decrease in loans receivable from stockholders	--	--	--	--
Net income	--	--	--	--
	-----	-----	-----	-----
Balance at September 25, 1994	--	--	558,135	5,581
Increase in loans receivable from stockholders	--	--	--	--

Net income	--	--	--	--
	-----	-----	-----	-----
Balance at September 24, 1995	--	--	558,135	5,581
Increase in loans receivable from stockholders	--	--	--	--
Costs associated with issuance of Redeemable Series A Preferred Stock (note 5)	--	--	--	--
Issuance of warrants (note 5)	--	--	--	--
Accretion of preferred stock	--	--	--	--
Preferred stock issued as dividends (note 5)	--	--	--	--
Net loss	--	--	--	--
	-----	-----	-----	-----
Balance at September 29, 1996	--	\$ --	558,135	\$5,581
	=====	=====	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

	Class B common stock		Total par value common stock
	No. of shares	Par value	
	-----	-----	-----
<S>	<C>	<C>	<C>
Balance at September 26, 1993	--	\$ --	300,000
Exchange of common shares (note 8)	48,533	485	(293,934)
Issuance of warrants (note 5)	--	--	--
Decrease in loans receivable from stockholders	--	--	--
Net income	--	--	--
	-----	-----	-----
Balance at September 25, 1994	48,533	485	6,066
Increase in loans receivable from stockholders	--	--	--
Net income	--	--	--
	-----	-----	-----
Balance at September 24, 1995	48,533	485	6,066
Increase in loans receivable from stockholders	--	--	--
Costs associated with issuance of Redeemable Series A Preferred Stock (note 5)	--	--	--
Issuance of warrants (note 5)	--	--	--
Accretion of preferred stock	--	--	--
Preferred stock issued as dividends (note 5)	--	--	--
Net loss	--	--	--
	-----	-----	-----
Balance at September 29, 1996	48,533	\$485	6,066
	=====	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

	Additional paid-in capital	Accumulated deficit	Less loans receivable from stockholders	Total stockholders' deficiency
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance at September 26, 1993	--	(73,127,507)	(2,390,444)	(75,217,951)
Exchange of common shares (note 8)	293,934	--	--	--
Issuance of warrants (note 5)	5,397,000	--	--	5,397,000

Decrease in loans receivable from stockholders	--	--	148,476	148,476
Net income	--	66,711,990	--	66,711,990
Balance at September 25, 1994	5,690,934	(6,415,517)	(2,241,968)	(2,960,485)
Increase in loans receivable from stockholders	--	--	(179,304)	(179,304)
Net income	--	1,989,635	--	1,989,635
Balance at September 24, 1995	5,690,934	(4,425,882)	(2,421,272)	(1,150,154)
Increase in loans receivable from stockholders	--	--	(52,964)	(52,964)
Costs associated with issuance of Redeemable Series A Preferred Stock (note 5)	(1,718,437)	--	--	(1,718,437)
Issuance of warrants (note 5)	6,833,507	--	--	6,833,507
Accretion of preferred stock	--	(541,416)	--	(541,416)
Preferred stock issued as dividends (note 5)	--	(2,452,910)	--	(2,452,910)
Net loss	--	(4,486,482)	--	(4,486,482)
Balance at September 29, 1996	10,806,004	(11,906,690)	(2,474,236)	(3,568,856)

</TABLE>

See accompanying notes to consolidated financial statements.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
Fiscal years ended September 25, 1994, September 24, 1995 and  
September 29, 1996

<TABLE>  
<CAPTION>

	1994	1995	1996
	----	----	----
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	\$ 66,711,990	1,989,635	(4,486,482)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Gain on extinguishment of debt	(73,315,696)	--	--
Depreciation and amortization	3,255,672	3,389,034	4,555,978
Change in allowance for doubtful accounts	(243,110)	1,379,365	(674,123)
Amortization of debt discount	1,094,591	4,617,496	5,591,004
Interest satisfied through the issuance of New Notes	--	--	2,199,121
Amortization of deferred financing costs	192,428	797,766	984,001
Write down of fixed assets	--	--	697,741
Imputed interest	2,460,781	95,559	--
Deferred income taxes	663,944	1,081,738	(1,357,722)
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(1,138,634)	(2,843,053)	1,043,961
Increase in other current assets	(189,358)	(223,518)	(566,062)
(Increase) decrease in other assets	(4,096,060)	3,900,002	148,272
(Decrease) increase in accounts payable	(830,189)	(249,024)	310,374
Increase in accrued expenses	692,001	275,432	292,468
Increase in accrued interest	8,671,077	38,179	52,702
Increase (decrease) in income taxes payable	112,578	(8,101)	(196,835)
Increase in unearned revenue	79,189	197,468	218,381
Total adjustments	(62,590,786)	12,448,343	13,299,261
Net cash provided by operating activities	4,121,204	14,437,978	8,812,779
Cash flows from investing activities:			
Additions to property and equipment	(896,781)	(4,888,188)	(3,811,436)

Acquisition of radio license	--	(100,305)	(86,358,962)
Increase in franchise costs	--	--	(24,980)
	-----	-----	-----
Net cash used in investing activities	(896,781)	(4,988,493)	(90,195,378)
	-----	-----	-----
Cash flows from financing activities:			
Repayments of debt, including accrued interest in 1994	(83,385,784)	(2,843,176)	(120,691)
Proceeds from senior notes, net of financing costs of \$6,225,998 in 1994 and \$1,605,426 in 1996	87,774,002	--	33,394,574
Proceeds from Redeemable Series A Preferred Stock, net of issuance costs of \$1,718,437	--	--	35,781,563
(Increase) decrease in deferred financing costs	--	(412,111)	33,999
Decrease (increase) in loans receivable from stockholders	148,476	(179,304)	(52,964)
Repayment of loan payable to stockholder	--	(200,000)	--
Advances to related party	(22,834)	(134,342)	(2,922)
	-----	-----	-----
Net cash provided by (used in) financing activities	4,513,860	(3,768,933)	69,033,559
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	7,738,283	5,680,552	(12,349,040)
	-----	-----	-----
Cash and cash equivalents at beginning of year	4,398,284	12,136,567	17,817,119
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 12,136,567	17,817,119	5,468,079
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 25, 1994, September 24, 1995 and  
September 29, 1996

(1) ORGANIZATION AND NATURE OF BUSINESS

Spanish Broadcasting System, Inc. (the "Company") was organized under the laws of the State of Delaware on June 1, 1994 to serve as a holding company, directly or indirectly, for seven active corporations, each of which either owns or services radio stations and each of which was owned by three Principal Stockholders. The Principal Stockholders and the Company entered into a contribution agreement pursuant to which on June 29, 1994, upon FCC approval, among other releases, the Principal Stockholders contributed to the Company all of the capital stock in eight of the corporations beneficially owned by them in exchange for common stock of the Company (the "Reorganization").

The Company owns and operates nine Spanish-language radio stations serving the New York, Miami and Los Angeles markets through its direct and indirect subsidiaries, Spanish Broadcasting System of New York, Inc., SBS of Greater New York, Inc., Spanish Broadcasting System of Florida, Inc. and Spanish Broadcasting System of California, Inc. Additionally, the Company's other direct and indirect subsidiaries include Alarcon Holdings, Inc. ("Alarcon"), Spanish Broadcasting System Network, Inc. ("SBS Network") and SBS Promotions, Inc. ("SBS Promotions"). Alarcon owns and operates the building where the Company's corporate offices are located. SBS Network and SBS Promotions are currently dormant. SBS Network was formerly the Company's exclusive agency representative for national advertising sales. SBS Promotions formerly performed promotional services for the Company's radio stations.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

(a) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its direct and indirect subsidiaries. The Company is a holding company with no independent assets or operations other than its investments in subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Reorganization was accounted for as a transaction between companies under common control, in a manner similar to a pooling of interests. Accordingly, the operations of the Company's

subsidiaries have been included in the accompanying consolidated financial statements for the periods prior to the effective date of the Reorganization.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2), CONTINUED

The Company's subsidiaries (hereinafter referred to in this paragraph collectively as "Subsidiary Guarantors") are fully, unconditionally, and jointly and severally liable for the Company's senior unsecured notes and new senior secured notes referred to in note 5. The Subsidiary Guarantors are wholly owned and constitute all of the Company's direct and indirect subsidiaries, except for certain subsidiaries that are not consequential. The Company has not included separate financial statements of the aforementioned subsidiaries because (i) the aggregate assets, liabilities, earnings and equity of such subsidiaries are substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis, and (ii) the separate financial statements and other disclosures concerning such subsidiaries are not deemed material to investors.

The Company's fiscal year is the 52-week period which ends on the last Sunday of September.

(b) REVENUE RECOGNITION

Revenues are recognized when advertisements are aired.

(c) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. The Company depreciates the cost of its property and equipment using the straight-line method over the respective estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the shorter of the remaining life of the lease or the useful life of the improvements.

The Company capitalized interest in connection with the renovation of its facilities. The capitalized interest is recorded as part of the related building and is amortized over the estimated useful life of the building.

(d) LONG-LIVED ASSETS

In March 1995, Statement of Financial Accounting Standards No. 121, (Statement 121) "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," was issued. Statement 121 requires that long-lived assets and certain identifiable intangibles to be held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the fourth quarter of fiscal 1996, the Company elected early adoption of Statement 121. See note 4 for impairment loss related to fixed assets.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2), CONTINUED

(e) FRANCHISE COSTS

Franchise costs represent the excess cost to acquire the Company's radio station assets over the allocated fair value of the net tangible assets acquired and are amortized on a straight-line basis over periods not exceeding 40 years, based on the industry practice of renewing franchises periodically. In evaluating the recoverability of franchise costs, management gives consideration to a number of factors, including analysis of the estimated future



undiscounted cash flows from operations for each market, the dispositions of other radio properties in specific markets and input from appraisers.

(f) FINANCING COSTS

During fiscal 1994, the Company expensed \$3,457,611 of costs related to unsuccessful refinancings. During fiscal 1996, the Company expensed \$876,579 of costs related to an initial public offering that was aborted. The net deferred financing costs at September 24, 1995 and September 29, 1996 of \$5,647,915 and \$6,235,341, respectively, relate to the successful refinancing of the Company's debt and additional financing obtained in connection with the acquisition of radio station WPAT-FM as discussed in note 5.

Deferred financing costs are being amortized on a straight-line basis over the respective lives of the related indebtedness.

(g) BARTER TRANSACTIONS

The Company records barter transactions at the fair value of goods or services received.

(h) CASH EQUIVALENTS

Cash equivalents, consisting primarily of interest-bearing money market accounts and certificates of deposits, totalled approximately \$17,527,000 and \$4,697,000 at September 24, 1995 and September 29, 1996, respectively.

(i) INCOME TAXES

The Company files a consolidated Federal income tax return with its direct and indirect subsidiaries. The Company accounts for income taxes in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109 (Statement 109), "Accounting for Income Taxes." Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2), CONTINUED

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) CONCENTRATION OF RISK

All of the Company's business is conducted in the New York, Miami and Los Angeles markets. Net revenues earned from radio stations located in New York, Miami and Los Angeles represented 32%, 16% and 52%, respectively, of total revenues for the year ended September 24, 1994; 37%, 16% and 47%, respectively, of total revenues for the year ended September 24, 1995; and 51%, 17% and 32%, respectively, of total revenues for the year ended September 29, 1996. The increase in market concentration risk in New York in fiscal 1996 results from the acquisition of WPAT-FM as discussed in note 3.

(3) ACQUISITIONS

During fiscal 1994, the Company entered into an agreement to construct a tower to broadcast over radio station WSKP-FM in Key West, Florida ("WSKP-FM") with an option to purchase the newly constructed station. In July 1995, the Company consummated its purchase of WSKP-FM for a total purchase price of \$180,305. A portion of the purchase price was financed by the seller through a note payable of \$80,000 (see note 6). The FCC license and assets of the station have been pledged as collateral under this note payable. During fiscal 1996, this note was repaid in full.

On March 25, 1996, the Company acquired the FCC broadcast license and substantially all of the assets used or useful in the operation of radio station WPAT-FM for \$84,550,000, plus financing and closing costs of \$1,808,962. The Company financed this purchase with a combination of the proceeds from the issuance of the Company's Redeemable Series A Preferred Stock, 12-1/4% Senior Secured Notes due 2001 (see note 5) together with cash on hand. The Company assumed operational responsibility of WPAT-FM on January 20, 1996 under an interim agreement, at which time the Company changed the musical format of WPAT-FM to Spanish language adult contemporary.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3), CONTINUED

The Company's consolidated results of operations include the results of WPAT-FM from the date of acquisition. The acquisition of WPAT-FM was accounted for by the purchase method of accounting. The purchase price has been allocated to the assets acquired, principally franchise costs, based on their estimated fair values at the date of acquisition. The following unaudited pro forma summary presents the consolidated results of operations as if the acquisition had occurred as of the beginning of fiscal 1995, after giving effect to certain adjustments, including amortization of franchise costs and interest expense on the acquisition debt. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made as of that date or of results which may occur in the future.

<TABLE>  
<CAPTION>

	Year ended	
	September 24, 1995	September 29, 1996
	(unaudited)	
<S>	<C>	<C>
Net revenues	\$55,070,000	51,214,000
Net loss	(1,060,000)	(8,894,000)

</TABLE>

In August 1996, the Company entered into an agreement to purchase substantially all of the assets of radio station WYSY-FM in Chicago from Infinity Broadcasting Corporation for \$33 million. The transaction is subject to FCC approval, among other things, and is expected to be financed with a \$3 million note payable to Infinity Broadcasting Corporation and \$30 million to be obtained through outside financing.

In September 1996, the Company entered into an agreement to purchase substantially all of the assets of radio stations WRMA-FM and WXDJ-FM from New Age Communications and the Seventies Broadcasting Corporation (the "Sellers"), respectively, under a combined contract for approximately \$110 million. The pending acquisition is subject to, among other things, FCC approval and is expected to be financed through outside financing. In connection with this agreement, the Company delivered a \$10 million letter of credit to the Sellers. The Sellers may draw upon the letter of credit if an event of default occurs, as defined in the agreement. If an event of default occurs, liquidated damages are limited to \$30 million, as defined in the agreement. In September 1996, one of the Sellers became the executive vice president and chief operating officer of the Company.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

## (4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 24, 1995 and September 29, 1996:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	1995	1996	Estimated useful lives
	-----	-----	-----
<S>	<C>	<C>	<C>
Land	2,350,000	1,798,785	--
Building and building leasehold improvements	14,768,299	15,349,050	20 years
Tower and antenna systems	3,172,696	5,517,659	7-15 years
Studio and technical equipment	4,343,344	4,562,969	10 years
Furniture and fixtures	1,529,233	1,543,918	3-10 years
Transmitter equipment	991,889	1,264,093	7-10 years
Leasehold improvements	1,074,557	1,085,922	5-13 years
Computer equipment	840,584	935,563	5 years
Other	350,843	477,535	5 years
	-----	-----	
	29,421,445	32,535,494	
Less accumulated depreciation and amortization	11,824,873	13,662,458	
	-----	-----	
	\$17,596,572	18,873,036	
	=====	=====	

&lt;/TABLE&gt;

During fiscal 1996, the Company wrote down the value of its land and building located on Sunset Boulevard in Los Angeles (which was part of the assets acquired in the purchase of the Los Angeles AM radio station) by \$697,741. The write down was based on current market values of real estate in the Los Angeles area. This amount is included in other, net in the accompanying consolidated statement of operations.

## (5) SENIOR NOTES AND PREFERRED STOCK

On June 29, 1994, the Company, through a private placement offering (the "Offering") completed the sale of 107,059 units (the "Units"), each consisting of \$1,000 principal amount of 12-1/2% Senior Notes (the "Notes") due 2002 and 107,059 Warrants (the "Warrants") each to purchase one share of Class A voting common stock at a price of \$0.01 per share. The Notes and Warrants became separately transferable on June 29, 1994. The Notes were issued at a substantial discount from their principal amount and generated proceeds to the Company of \$87,774,002, net of financing costs of \$6,225,998. Of the \$94,000,000 of gross proceeds, \$88,603,000 was allocated to the Notes and \$5,397,000 was determined to be the value of the Warrants. The net proceeds were used (i) to satisfy in full all obligations to the Company's two principal lenders for a total of approximately \$83,000,000 in cash; this satisfaction resulted in the release of the assets and stock held as collateral by the principal lenders, (ii) to deposit \$4,000,000 into a blocked account which was subsequently used to cover the settlement of litigation relating to the obligations to a

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

## (5), CONTINUED

former stockholder under certain noncompete and redemption agreements (see note 11), and (iii) for general corporate purposes. The satisfaction of the obligations to the principal lenders were made at discounts to their face values, resulting in a gain on extinguishment of this debt of \$70,254,772, net of income taxes of \$3,060,924. Such amount has been classified as an extraordinary item in the accompanying fiscal 1994 consolidated statement of operations.

The Notes bear interest at a rate of 7-1/2% per annum from the date of original issue until June 15, 1997 and at a rate of 12-1/2% per annum from and after such date until maturity on June 15, 2002. Interest is payable semiannually on June 15 and December 15, commencing December 15, 1994. The Notes will not be redeemable at the option of the Company,

except that the Company may redeem up to \$20 million aggregate principal amount of the Notes on or prior to June 15, 1997 at 110% of the accreted value of the Notes, plus accrued and unpaid interest to the redemption date, out of the proceeds of one or more public offerings of the Company's common stock. The Notes are senior unsecured obligations of the Company and are unconditionally guaranteed, on a senior unsecured basis, as to payment of principal, premium, if any, and interest, jointly and severally, by each subsidiary of the Company. In the event of a change of control, as defined, the Company will be required to make an offer to purchase all of the outstanding Notes at a purchase price equal to 101% of their accreted value, in the case of a purchase prior to June 15, 1997, and thereafter at a purchase price equal to 101% of the principal amount thereof, in each case plus accrued and unpaid interest to the date of purchase. The indenture pursuant to which the Notes are issued contains covenants restricting the incurrence of additional indebtedness, the payment of dividends and distributions, the creation of liens, asset sales, mergers or consolidations, among other things. The Company registered the Notes with the Securities and Exchange Commission, which registration became effective on October 26, 1994. The discount on the Notes is being amortized over the term of the Notes to result in an effective interest rate of 12-1/2% per annum.

The Warrants will expire on June 30, 1999. Each warrant entitles the holder to acquire, on or after the exercise date, as defined, and prior to the expiration date, one share of Class A voting common stock at \$0.01 per share, subject to adjustment from time to time upon the occurrence of certain changes in common stock, common stock distributions, issuances of options or convertible securities, dividends and distributions and certain other increases in the number of shares of common stock, as defined.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(5), CONTINUED

On March 25, 1996 the Company financed the purchase of radio station WPAT-FM with a combination of the proceeds from the sale in a private placement of 37,500 shares of the Company's Redeemable Series A Preferred Stock (Preferred Stock) and \$35 million of the Company's 12-1/4% Senior Secured Notes (the "New Senior Notes") due 2001 together with cash on hand. The Company also issued to the holders of the Preferred Stock and New Senior Notes warrants (the "New Warrants") to purchase, in the aggregate, 6% of the Company's common stock on a fully diluted basis which are exercisable no later than June 29, 1998. Of the gross proceeds of \$72.5 million, \$35 million relates to the New Senior Notes and \$37.5 million relates to the Preferred Stock. The value of the New Warrants was determined to be \$6,833,507 of which \$2,277,840 was allocated to the warrants associated with the New Senior Notes and \$4,555,667 was allocated to the warrants associated with the Preferred Stock. In connection with this transaction, the Company capitalized deferred financing costs of \$1,605,426 related to the New Senior Notes and charged issuance costs of \$1,718,437 related to the Preferred Stock to additional paid-in capital.

The New Senior Notes are secured by the FCC license of radio station WPAT-FM and are guaranteed by each of the Company's subsidiaries. They will be senior obligations of the Company that will rank senior in right of payment to all subordinated indebtedness of the Company and equally ranked with all existing and future senior indebtedness of the Company including the Notes. The New Senior Notes are due on June 1, 2001 and bear interest at the rate of 12-1/4% per annum payable quarterly, increasing by 0.25% for each three-month period from the issue date to March 1997, and 0.50% for each period of three months thereafter, provided that the interest rate on the New Senior Notes may not exceed 14.75% per annum. The discount on the New Senior Notes is being amortized over the term of the New Senior Notes to result in an effective interest rate of 15.9% per annum, inclusive of interest rate escalations. Until March 24, 1998, interest may be paid in cash or in additional New Senior Notes. In June 1996 and September 1996, the Company elected to satisfy interest due through the issuance of \$2,199,121 additional New Senior Notes issued at face value.

The carrying value of the Notes and New Senior Notes approximates market value at September 29, 1996.

The Preferred Stock is entitled to dividends at the rate of 12.75% per annum payable quarterly, increasing by 0.25% for each period of three months from issue date through March 1997 and 0.50% for each period of

three months thereafter, provided that the dividend rate will at no time exceed 15.25%. During the first three years, dividends may be paid in cash or additional shares of Preferred Stock. In June 1996 and September 1996, the Company elected to satisfy the dividends due of \$2,452,910 through the issuance of 2,451 additional preferred shares and \$1,910 in cash (for fractional shares). The holders of the Preferred Stock may, at their option, exchange Preferred Stock into New Senior Notes in an amount equal to the accreted value of Notes that are redeemed or otherwise retired by the Company. The Company is required to redeem the Preferred Stock on December 1, 2002.

Covenants under the indentures governing the New Senior Notes and Preferred Stock are substantially identical to the covenants of the Notes.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(5), CONTINUED

The Company will be required to make an offer to purchase the New Senior Notes and Preferred Stock upon a change of control, as defined. The Company will be required to make an offer to purchase the Preferred Stock upon the sale of certain assets but only after satisfying the offer to purchase obligations under the outstanding Notes.

The New Senior Notes and the Preferred Stock will be redeemable, at the Company's option, during the first 18 months following issuance at 100% of the principal amount and liquidation value, respectively, provided, however, that the New Senior Notes will not be redeemable until all of the Preferred Stock is redeemed or exchanged into Notes or New Senior Notes. The New Senior Notes and the Preferred Stock will be redeemable at the following premium to principal amount and liquidation value, respectively, during the periods set forth below:

<TABLE>  
<CAPTION>

	Period Following Issuance	Premium
	-----	-----
<S>	<C>	<C>
	18-24 months	105%
	24-26 months	103%
	36-48 months	101%
	Thereafter	100%

</TABLE>

Under the terms of the indentures, the Company is required to commence an orderly auction process for radio stations WXLX-AM and KXED-AM. The Company will also be required to waive its rights to reinvest the proceeds of such sales and immediately offer to purchase outstanding Notes at 100% of accreted value as required under the indenture. All remaining proceeds must be utilized to make an offer to purchase or mandatorily redeem Preferred Stock.

The Company is permitted to repurchase the New Warrants during the first two years from issuance, assuming no New Senior Notes or Preferred Stock are outstanding and such purchase is permitted under the Indenture, at prices ranging from \$182.70 per Warrant to \$439.38 per Warrant.

If on the first, second or third anniversaries of the issuance of the New Senior Notes and Preferred Stock, the sum of the aggregate principal amount of the New Senior Notes and the aggregate liquidation value of the Preferred Stock outstanding exceeds the sum of \$50 million plus the accreted value of the Notes that have been repurchased, redeemed or otherwise retired by the Company, the Company will issue the holders of the New Senior Notes and Preferred Stock, on a pro rata basis, ten-year warrants (the "Penalty Warrants") to purchase, in the aggregate, 10% of the Company's common stock at an aggregate exercise price of \$5 million. Thereafter, in the event that the New Senior Notes and the Preferred Stock are fully redeemed prior to the first anniversary of the issuance of Penalty Warrants, the Company will have the option to repurchase Penalty Warrants for an aggregate purchase price of \$5 million (or, if the Penalty Warrants have been exercised, the option to repurchase the underlying warrant shares for an aggregate purchase price of \$10 million).

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SPANISH BROADCASTING SYSTEM, INC.

## Notes to Consolidated Financial Statements, Continued

(5), CONTINUED

If any New Senior Notes or Preferred Stock are outstanding 18 months following the issuance thereof, the Company will use its best efforts to publicly register the outstanding New Senior Notes and Preferred Stock. In the event that New Senior Notes or Preferred Stock remain outstanding on the second anniversary of issuance, the interest and/or dividend rates will increase by 100 basis points to the extent such New Senior Notes or Preferred Stock are not then publicly registered.

(6) LONG-TERM DEBT

Long-term debt consists of the following at September 24, 1995 and September 29, 1996:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	1995	1996
	----	----
<S>	<C>	<C>
Obligation under capital lease with related party payable in monthly installments of \$9,000, including interest at 6.25%, commencing June 1992 (see note 9)	\$1,116,005	1,075,314
Note payable in monthly installments of \$1,547, plus interest at 6%, commencing January 1996 (see note 3)	80,000	-
Other	11,626	11,626
	-----	-----
	1,207,631	1,086,940
Less current portion	61,565	53,572
	-----	-----
	\$1,146,066	1,033,368
	=====	=====

&lt;/TABLE&gt;

The scheduled maturities of long-term debt are as follows at September 29, 1996:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Fiscal year ending September	
	-----	
<S>	<C>	<C>
	1997	\$ 53,572
	1998	44,644
	1999	47,516
	2000	50,572
	2001	53,825
	Thereafter	836,811
		-----
		\$1,086,940
		=====

&lt;/TABLE&gt;

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

## Notes to Consolidated Financial Statements, Continued

(7) LOANS WITH STOCKHOLDERS AND RELATED PARTY TRANSACTIONS

At September 24, 1995, the Company had loans receivable from stockholders totalling \$2,421,272 including interest of \$312,012. In May 1994, these stockholders entered into agreements with the Company pursuant to which these loans would bear interest at a rate that varied with the prime rate and mature in 2001. Effective in December 1995, the Company exchanged the existing notes for amended and restated notes in the aggregate principal amounts of \$2,474,236, including accrued interest through that date. The amended and restated notes bear interest at 6.36% per annum and mature on December 30, 2025. The notes are payable in 30 equal annual aggregate

installments of \$186,728, commencing on December 30, 1996. The board of directors approved the terms of the exchange of the notes. Loans receivable from stockholders have been classified as an increase in stockholders' deficiency in the accompanying consolidated balance sheets. Interest receivable on stockholder loans of \$118,021 is included in other current assets.

At September 24, 1995 and September 29, 1996, the Company has advances totalling \$286,947 and \$289,869, respectively, due from a party related through common ownership. Payment of this balance is guaranteed by an officer of the Company. Additionally, at September 24, 1995 and September 29, 1996, the Company had trade receivables totalling \$373,190 due from this related party which have been fully reserved.

The Company pays the operating expenses for a boat owned by a party related through common ownership which is used by the Company for business entertainment purposes. Such expenses approximated \$77,000, \$99,000 and \$126,000 for the fiscal years ended September 25, 1994, September 24, 1995 and September 29, 1996, respectively. The Company leases an apartment from a stockholder of the Company for annual rentals of \$108,000 through August 1997. Additionally, the Company occupies a building under a capital lease agreement with certain stockholders (see note 9).

The Company had a loan payable to a stockholder of \$200,000 at September 25, 1994 which bore interest at 10% per annum. This loan was repaid in June 1995.

(8) CAPITAL STOCK

During fiscal 1994, in connection with the Reorganization and the Offering, the Company consolidated its radio station operations through the contribution by the Principal Stockholders to the Company of their interests in eight corporations in exchange for common stock of the Company. As a result of the contribution, the Company issued 558,135 shares of Class A common stock and 48,533 shares of Class B common stock. The difference between the par value of the previously issued shares of \$300,000 and the newly issued shares of \$6,066 was reflected as additional paid-in capital of \$293,934.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(8), CONTINUED

During fiscal 1996, the Company amended and restated its Certificate of Incorporation to increase the aggregate number of authorized shares of \$0.01 par value Class A common stock from 2,000,000 to 5,000,000 and create and authorize 500,000 shares of \$0.01 par value preferred stock. Characteristics and privileges concerning the preferred stock are at the discretion of the board of directors. During fiscal 1996, 49,201 of preferred shares were designated as Redeemable Series A Preferred Stock (see note 5). In addition, the Company has authorized 200,000 shares of \$0.01 par value Class B common stock. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to eight votes per share. Shares of Class B common stock may be converted into an equal number of shares of Class A common stock, at the option of the holder, at any time. Each share of Class B common stock automatically converts into one share of Class A common stock on the exercise date, as defined in the Warrant agreement relating to the Notes discussed in note 5.

In 1994 the Company adopted a stock option plan pursuant to which the Company has reserved up to 26,750 shares of Class A common stock for issuance upon the exercise of options granted under the plan. The plan covers all regular salaried employees of the Company and its subsidiaries. No options have been granted under this plan to date.

(9) COMMITMENTS

The Company occupies a building under a capital lease agreement with certain stockholders of the Company expiring in June 2012. The amount capitalized under this lease agreement and included in property and equipment at September 24, 1995 and September 29, 1996 is \$1,025,000 and \$963,500, net of accumulated depreciation of \$205,000 and \$266,500, respectively.

The Company leases office space and facilities and certain equipment under operating leases, one of which is with a related party (see note

7), that expire at various dates through 2013. Certain leases provide for base rental payments plus escalation charges for real estate taxes and operating expenses.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(9), CONTINUED

At September 29, 1996, future minimum lease payments under such leases are as follows:

<TABLE>  
<CAPTION>

	Fiscal year -----	Capital lease -----	Operating leases -----
<S>	<C>	<C>	<C>
	1997	\$ 149,000	597,600
	1998	149,000	461,100
	1999	149,000	294,900
	2000	149,000	149,600
	2001	149,000	148,200
	Thereafter	1,589,333	2,050,200
		-----	-----
	Total minimum lease payments	2,334,333	\$3,701,600
			=====
	Less executory costs	642,333	
		-----	
		1,692,000	
	Less interest at 6.25%	616,686	
		-----	
	Present value of minimum lease payments	\$1,075,314	
		=====	

</TABLE>

Total rent expense for the fiscal years ended September 25, 1994, September 24, 1995 and September 29, 1996 amounted to \$971,398, \$943,107 and \$1,097,144, respectively.

The Company has agreements to sublease its radio frequencies and portions of its tower sites. Such agreements provide for payments through 2002. The future minimum rental income to be received under these agreements as of September 29, 1996 is as follows:

<TABLE>  
<CAPTION>

	Fiscal year -----	Amount -----
<S>	<C>	<C>
	1997	\$ 466,060
	1998	485,130
	1999	504,477
	2000	236,674
	2001	256,143
	Thereafter	109,330
		-----
		\$2,057,814
		=====

</TABLE>

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(9), CONTINUED

At September 29, 1996, the Company is committed to the purchase of broadcast rights for various sports, news and other programming and has employment contracts for certain on-air talent and general managers expiring through 2000. Future payments under such contracts are as follows:



<TABLE>  
<CAPTION>

	Fiscal year	Programming contracts	Employment contracts	Total
<S>	<C>	<C>	<C>	<C>
	1997	\$450,406	1,436,249	1,886,655
	1998	289,653	639,284	928,937
	1999	31,283	368,867	400,150
	2000	14,286	232,200	246,486
	2001	4,012	19,350	23,362
		-----	-----	-----
		\$789,640	2,695,950	3,485,590
		=====	=====	=====

</TABLE>

Certain sports programming contracts provide for sharing in a portion of advertising revenues or sharing of net profits relating to the specific broadcasts. In addition, certain employment contracts provide for additional amounts to be paid if station ratings or cash flow targets are met.

The Company has a five-year agreement with Katz Communications, Inc. ("KCI") expiring in fiscal 1998, whereby KCI became the Company's exclusive national sales agent and representative. In connection with this agreement, SBS Network ceased representation for the Company's stations in this capacity. In consideration for this agreement, KCI paid SBS Network \$500,000 during fiscal 1994. Under the terms of the agreement, the Company agreed to pay KCI a commission on the net national advertising billings, which ranges between 14% and 20%, over the life of the agreement.

(10) INCOME TAXES

Total income tax expense (benefit) for the fiscal year ended September 25, 1994 was deferred and allocated as follows:

<S>	<C>	<C>
	Loss from operations	\$(2,231,070)
	Extraordinary item - gain on extinguishment of debt	3,060,924
		-----
		\$ 829,854
		=====

</TABLE>

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(10), CONTINUED

The provision (benefit) for income taxes for the fiscal years ended September 24, 1995 and September 29, 1996 consists of the following:

		1995	1996
<S>	<C>	<C>	<C>
	Current:		
	State and local	\$ 329,656	191,922
	Deferred:		
	Federal	1,081,738	(1,357,722)
		-----	-----
		\$1,411,394	(1,165,800)
		=====	=====

</TABLE>

During fiscal 1995 and 1996, the Company utilized net operating loss carryforwards of approximately \$837,000 and \$686,000, respectively.

The difference between the fiscal 1994 income tax benefit (attributable to operations) at the Federal statutory rate and the effective rate was due to state and local income tax benefits. The difference between the fiscal 1995 income tax expense at the Federal statutory rate and the effective rate was attributable to the utilization of net operating loss

carryforwards, as well as state and local income taxes. The difference between the fiscal 1996 income tax benefit at the Federal statutory rate and the effective rate was primarily attributable to state and local income taxes, recurring non-deductible expenses and non-deductible expenses incurred in connection with the Company's financing transactions.

The tax effect of temporary differences and carryforwards that give rise to deferred tax assets and deferred tax liabilities at September 24, 1995 and September 29, 1996 is as follows:

<TABLE> <CAPTION>		1995 ----	1996 ----
<S>	<C>	<C>	<C>
	Deferred tax assets:		
	Net operating loss carryforwards	\$31,320,000	27,627,781
	Deferred interest	-	4,963,048
	Allowance for doubtful accounts	2,073,954	1,804,305
	Fixed assets	-	279,095
		-----	-----
	Total deferred tax assets	33,393,954	34,674,229
		-----	-----
	Deferred tax liabilities:		
	Depreciation and amortization	9,097,466	8,932,667
	Intangible assets	8,382,950	8,382,950
	Deferred debt forgiveness	17,396,470	17,396,470
	Unearned revenue	262,750	350,102
		-----	-----
	Total deferred tax liabilities	35,139,636	35,062,189
		-----	-----
	Net deferred tax liability	\$ (1,745,682)	(387,960)
		=====	=====

</TABLE>

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(10), CONTINUED

During fiscal 1994, as a result of the refinancing of the Company's debt discussed in note 5, the Company recognized an extraordinary gain on debt extinguishment of \$70,254,772, net of income taxes of \$3,060,924, for financial statement purposes. For Federal income tax purposes, income from the discharge of this indebtedness reduced available net operating loss carryforwards and reduced the tax basis of certain assets. As a result, the valuation allowance for gross deferred tax assets was eliminated in fiscal 1994, reflecting the utilization, as a result of the extraordinary gain, of net operating loss carryforwards for financial statement purposes. In addition, certain timing differences were created which gave rise to deferred tax liabilities that will result in taxable income in future years when the assets are realized or settled.

During fiscal 1995, the recognition of the \$70,254,772 gain on debt extinguishment for Federal income tax purposes was redistributed upon filing of the fiscal 1994 tax returns. This resulted in additional amounts used to reduce the tax basis of certain assets, additional deferred debt forgiveness and preservation of available net operating loss carryforwards. The net effect of the redistribution of the discharge of indebtedness for Federal income tax purposes did not significantly affect the Company's net deferred tax position.

At September 29, 1996, the Company has net operating loss carryforwards of approximately \$69,069,000 available to offset future taxable income expiring as follows:

<TABLE> <CAPTION>		Net operating loss carryforwards -----
<S>	Expiring in September -----	<C>
	2004	\$ 5,210,000
	2005	12,578,000
	2006	14,233,000
	2007	13,390,000
	2008	12,213,000
	2009	11,445,000

</TABLE>

(11) LITIGATION

The Company is the defendant in a number of lawsuits and claims incidental in its ordinary course of business, certain of which have been brought by former employees. It is not possible at the present time to estimate the ultimate liability, if any, of the Company with respect to such litigation. However, management believes that the ultimate liability, if any, would not be material to the Company's consolidated financial position or results of operations.

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SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(11), CONTINUED

In April 1995, the Company settled ongoing litigation with a former stockholder for \$3.5 million, including imputed interest. The difference between the amount accrued by the Company and the settlement amount totalled \$352,878 and is recorded in other expense in the accompanying consolidated statement of operations for the fiscal year ended September 24, 1995.

(12) SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid \$2,295,489, \$8,152,213 and \$8,254,402 for interest and \$53,332, \$337,757 and \$632,990 for income taxes during fiscal 1994, 1995 and 1996, respectively. During the year ended September 24, 1995, the Company financed \$80,000 of the purchase price of radio station WSKP-FM through the issuance of a note payable to the seller. During the year ended September 29, 1996, the Company issued \$2,199,121 of New Notes as payment for interest and issued \$2,452,910 of Preferred Stock as payment of dividends.

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SCHEDULE II

SPANISH BROADCASTING SYSTEM, INC.  
AND SUBSIDIARIES

Valuation and Qualifying Accounts

Fiscal years ended September 25, 1994, September 24, 1995  
and September 29, 1996

<TABLE>

<CAPTION>

Column A -----	Column B -----	Column C ----- Additions		Column D -----	Column E -----
Description -----	Balance at beginning of period -----	Charged to costs and expenses -----	Charged to other accounts -----	Deductions -----	Balance at end of period -----
<S>	<C>	<C>	<C>	<C>	<C>
FISCAL YEAR 1994					
Allowance for doubtful accounts	\$ 4,048,631	5,796,083	-	6,039,193	3,805,521
FISCAL YEAR 1995					
Allowance for doubtful accounts	\$ 3,805,521	4,195,746	-	2,816,381	5,184,886
FISCAL YEAR 1996					
Allowance for doubtful accounts	\$ 5,184,886	4,908,699	-	5,582,822	4,510,763

</TABLE>

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, SPANISH BROADCASTING SYSTEM, INC., a Delaware corporation, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 22, 1996.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Raul Alarcon Jr.

-----  
 RAUL ALARCON JR.,  
 President and Director  
 (principal executive officer)

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE> <CAPTION> SIGNATURE ----- <S>	TITLE ----- <C>	DATE ----- <C>
/s/ Pablo Raul Alarcon ----- Pablo Raul Alarcon	Director	December 22, 1996
/s/ Raul Alarcon ----- Raul Alarcon	President and Director (principal executive officer)	December 22, 1996
/s/ Joseph Garcia ----- Joseph Garcia	Chief Financial Officer (principal financial and accounting officer)	December 22, 1996
/s/ Jose Grimalt ----- Jose Grimalt	Executive Vice President and Director	December 22, 1996
Walter F. McLallen IV ----- Walter F. McLallen IV	Director	December 22, 1996
Arnold Sheiffer ----- Arnold Sheiffer	Director	December 22, 1996

</TABLE>

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, each of SPANISH BROADCASTING SYSTEM, INC., a New Jersey corporation, SPANISH BROADCASTING SYSTEM OF NEW YORK, INC., SPANISH BROADCASTING SYSTEM OF FLORIDA, INC., SPANISH BROADCASTING SYSTEM NETWORK, INC., SBS PROMOTIONS, INC., SBS OF GREATER NEW YORK, INC. and ALARCON HOLDINGS, INC. has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, New York on December 22, 1996.

SPANISH BROADCASTING SYSTEM, INC.,  
 a New Jersey Corporation  
 SPANISH BROADCASTING SYSTEM OF NEW YORK, INC.  
 SPANISH BROADCASTING SYSTEM OF FLORIDA, INC.  
 SPANISH BROADCASTING SYSTEM NETWORK, INC.  
 SBS PROMOTIONS, INC.  
 SBS OF GREATER NEW YORK, INC.  
 ALARCON HOLDINGS, INC.

BY: /S/ RAUL ALARCON JR.

-----  
 RAUL ALARCON JR.

President and Director  
(principal executive officer)

Pursuant to the requirements of the Securities Act of 1993, as amended, this Annual Report has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<S> /s/ Raul Alarcon	<C>	<C>
Raul Alarcon	President and Director (principal executive officer)	December 22, 1996
/s/ Pablo Raul Alarcon		
Pablo Raul Alarcon	Chairman of the Board (director)	December 22, 1996
/s/ Jose Grimalt		
Jose Grimalt	Secretary and Director	December 22, 1996
/s/ Joseph Garcia		
Joseph Garcia	Chief Financial Officer and Assistant Secretary (principal financial and accounting officer)	December 22, 1996

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, SPANISH BROADCASTING SYSTEM OF CALIFORNIA, INC. has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, New York on December 22, 1996.

SPANISH BROADCASTING SYSTEM OF CALIFORNIA, INC.

BY: /S/ RAUL ALARCON  
-----  
RAUL ALARCON JR.  
Vice President

Pursuant to the requirements of the Securities Act of 1993, as amended, this Annual Report has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<S> /s/ Raul Alarcon	<C>	<C>
Raul Alarcon	Vice President and Director (principal executive officer)	December 22, 1996
/s/ Pablo Raul Alarcon		
Pablo Raul Alarcon	Chairman of the Board (Director)	December 22, 1996
/s/ Joseph Garcia		
Joseph Garcia	Chief Financial Officer and Assistant Secretary (principal financial and accounting officer)	December 22, 1996
/s/ Jose Grimalt		

EXHIBIT INDEX

-----

EXHIBIT NUMBER	DESCRIPTION
3.1.1	-- Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1.1 of the Company's Current Report on Form 8-K, dated March 25, 1996 (the "Current Report").
3.1.2	-- Bylaws of the Company. Incorporated by reference to Exhibit 3.1.2. of the Company's Registration Statement on Form S-4 No. 33-82114 (the "1994 Registration Statement").
3.2	-- Certificate of Designations of Series A Exchangeable Preferred Stock. Incorporated by reference to Current Report.
3.9.1	-- Certificate of Incorporation of SBS of Greater New York, Inc. ("SBS-GNY"). Incorporated by reference to Current Report.
3.9.2	-- Bylaws of SBS-GNY. Incorporated by reference to Current Report.
4.1	-- Indenture dated June 29, 1994 among the Company, IBJ Schroder Bank & Trust Company, as Trustee, the Guarantors named therein and the Purchasers named therein. Incorporated by reference to Exhibit 4.1 of the 1994 Registration Statement.
4.2.2	-- First Supplemental Indenture dated as of March 25, 1996 to Indenture dated as of June 29, 1994 among the Company, the Guarantors named therein and IBJ Schroder Bank & Trust Company, as Trustee. Incorporated by reference to Current Report.
4.3	-- Indenture dated as of March 25, 1996 among the Company, the Guarantors named therein, IBJ Schroder Bank & Trust Company, as Trustee, and the Purchasers named therein. Incorporated by reference to Current Report.
10.1	-- Securities Purchase Agreement dated as of June 29, 1994 by and among the Company, the Guarantors named therein and each of the purchasers referred to therein. Incorporated by reference to Exhibit 10.1 of the 1994 Registration Statement.
10.2	-- Warrant Agreement dated as of June 29, 1994 between the Company and IBJ Schroder Bank & Trust Company, as Warrant Agent. Incorporated by reference to Exhibit 10.2 of the 1994 Registration Statement.
10.3	-- Common Stock Registration Rights and Stockholders Agreement dated as of June 29, 1994 among the Company, certain management stockholders and each of the purchasers named therein. Incorporated by reference to Exhibit 10.3 of the 1994 Registration Statement.
10.4	-- 1994 Stock Option Plan of the Company. Incorporated by reference to Exhibit 10.4 of the 1994 Registration Statement.
10.5.1	-- Broadcast Station License dated September 20, 1983 issued by the Federal Communications Commission ("FCC") to Sabre Broadcasting Corporation in connection with WXLX-AM, together with an Assignment thereof from Sabre Broadcasting Corporation to Spanish Broadcasting System, Inc., a New Jersey

Corporation ("SBS-NJ") and evidence of license renewal. Incorporated by reference to Exhibit 10.8.1 of the 1994 Registration Statement.

- 10.5.2 -- Construction Permit dated July 21, 1993 issued by the FCC to SBS-NJ in connection with WXLX-AM. Incorporated by reference to Exhibit 10.8.2 of the Registration Statement.
- 10.5.3 -- AM Broadcast Station Construction Permit dated February 1, 1991 issued by the FCC to Spanish Broadcasting System, Inc., a New Jersey corporation ("SBS-NJ") in connection with WXLX. Incorporated by reference to Current Report.
- 10.5.4 -- Ground Lease dated December 18, 1995 between Louis Viola Company and SBS-NJ. Incorporated by reference to Current Report.
- 10.5.5 -- Ground Lease dated December 18, 1995 between Frank F. Viola and Estate of Thomas C. Viola and SBS-NJ. Incorporated by reference to Current Report.
- 10.6 -- Broadcast Station License dated November 23, 1994 issued by the FCC to Spanish Broadcasting System of New York, Inc., ("SBS-NY") in connection with WSKQ-FM. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended September 24, 1994 (the "1994 10-K").
- 10.7 -- Broadcast Station License dated September 25, 1990 issued by the FCC to Spanish Broadcasting System of Florida, Inc. ("SBS-Fla") in connection with WCMQ-AM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.10 of the 1994 Registration Statement.
- 10.7.2 -- Evidence of renewal of Federal Communications Commission ("FCC") Broadcast Radio License of WCMQ-AM. Incorporated by reference to Current Report.
- 10.8 -- Broadcast Station License dated April 1, 1994 issued by the FCC to SBS-Fla in connection with WCMQ-FM, together with evidence of license. Incorporated by reference to Exhibit 10.11 of the 1994 Registration Statement.
- 10.8.2 -- Evidence of renewal of FCC Broadcast Radio License for WCMQ-FM. Incorporated by reference to Current Report.
- 10.9 -- Broadcast Station License dated July 28, 1993 issued by the FCC to SBS-Fla in connection with WZMQ-FM. Incorporated by reference to Exhibit 10.12 of the 1994 Registration Statement.
- 10.9.2 -- Evidence of renewal of FCC Broadcast Radio License for WZMQ-FM. Incorporated by reference to Current Report.
- 10.10 -- Broadcast Station License dated April 8, 1986 issued by the FCC to SBS-NJ in connection with KXMG-AM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.13 of the 1994 Registration Statement.
- 10.11 -- Broadcast Station License dated February 21, 1992 issued by the FCC to SBS-Fla in connection with KLAX-FM, together with evidence of license renewal. Incorporated by reference to Exhibit 10.14 of the 1994 Registration Statement.
- 10.12.1 -- Broadcast Station License dated June 26, 1995 issued by the FCC to CSJ Investments, Inc. in connection with WSKP-FM (the "WSKP Broadcast License"). Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended September 26, 1995 (the "1995 10-K")

- 10.12.2 -- Consent to Assignment of the WSKP Broadcast License from CSJ Investments, Inc. to SBS-Fla issued by the FCC. Incorporated by reference to 1995 10-K
- 10.12.3 -- Evidence of renewal of FCC Broadcast Radio License for WSKP-FM. Incorporated by reference to Current Report.
- 10.13.1 -- Lease and License Agreement dated February 1, 1991 between Empire State Building Company, as landlord, and SBS-NY, as tenant. Incorporated by reference to Exhibit 10.15.1 of the 1994 Registration Statement.
- 10.13.2 -- Modification of Lease and License dated June 30 1992 between Empire State Building Company and SBS-NY related to WSKQ-FM. Incorporated by reference to Exhibit 10.15.2 of the 1994 Registration Statement.
- 10.13.3 -- Lease and License Modification and Extension Agreement dated as of June 30, 1992 between Empire State Building Company, as landlord, and SBS-NY as tenant. Incorporated by reference to Exhibit 10.15.3 of the 1994 Registration Statement.
- 10.14.1 -- Employment Agreement dated April 26, 1993 by and between SBS-NY, and Alfredo Rodriguez. Incorporated by reference to Exhibit 10.16 of the 1994 Registration Statement.
- 10.14.2 -- Employment Agreement dated June 23, 1995 by and between Spanish Broadcasting Systems of California, Inc. ("SBS-CA") and Alfredo Rodriguez. Incorporated by reference to Exhibit 10.15 to 1995 10-K.
- 10.14.3 -- Employment Agreement dated July 19, 1993 by and between SBS-NJ and Alfredo Alonso. Incorporated by reference to Exhibit 10.18 of the 1994 Registration Statement.
- 10.14.4 -- Employment Agreement dated May 3, 1994 by and between SBS-Fla and Claudia Puig. Incorporated by reference to Exhibit 10.19 of the 1994 Registration Statement.
- 10.14.5 -- Employment Agreement dated October 24, 1995 between SBS-NY and Beatriz Pino. Incorporated by reference to Exhibit 10.18 of 1995 10-K.
- 10.16 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-NJ in connection with WXLX-AM. Incorporated by reference to Exhibit 10.20 of the 1994 Registration Statement.
- 10.17 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-NY in connection with WSKQ-FM. Incorporated by reference to Exhibit 10.21 of the 1994 Registration Statement.
- 10.18 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-CA in connection with KXMG-AM. Incorporated by reference to Exhibit 10.22 of the 1994 Registration Statement.
- 10.19 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-CA in connection with KLAX-FM. Incorporated by reference to Exhibit 10.23 of the 1994 Registration Statement.
- 10.20 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-Fla in connection with WCMQ-AM. Incorporated by reference to Exhibit 10.24 of the 1994 Registration Statement.



- 10.21 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-Fla in connection with WCMQ-FM. Incorporated by reference to Exhibit 10.25 of the 1994 Registration Statement.
- 10.22 -- Representation Agreement dated as of September 27, 1993 between Katz Communications, Inc. and SBS-Fla in connection with WZMQ-FM. Incorporated by reference to Exhibit 10.26 of the 1994 Registration Statement.
- 10.23 -- Promissory Note, dated as of December 31, 1995 of Raul Alarcon, Sr. to SBS-NJ in the principal amount of \$577,323. Incorporated by reference to Exhibit 10.26 to 1995 10-K.
- 10.24 -- Promissory Note, dated as of December 31, 1995 of Raul Alarcon, Jr. to SBS-NJ in the principal amount of \$1,896,913. Incorporated by reference to Exhibit 10.27 to 1995 10-K.
- 10.25 -- Lease Agreement dated June 1, 1992 among Raul Alarcon, Sr., Raul Alarcon, Jr., and SBS-Fla. Incorporated by reference to Exhibit 10.30 of the 1994 Registration Statement.
- 10.26 -- Transmitted Facility Sublicense (KTYM/KSKQ-FM) dated as of June 1, 1991 between Trans-America Broadcasting Corporation and SBS-CA relating to KSKQ-FM (Baldwin Hills Tower Lease). Incorporated by reference to Exhibit 10.31 of the 1994 Registration Statement.
- 10.27 -- Indenture dated October 12, 1988 between Alarcon Holdings, Inc. and SBS-NJ related to the studio located at 26 West 56th Street, NY, NY. Incorporated by reference to Exhibit 10.32 of the 1994 Registration Statement.
- 10.28 -- Communications Equipment Site Lease Agreement between Freeman Properties, Inc. and SBS-Fla dated July 1, 1992 (WZMQ/WKLG-FM). Incorporated by reference to Exhibit 10.33 of the 1994 Registration Statement.
- 10.29.2 -- Lease Option Agreement made as of October 1, 1995 between KPWR, Inc. and the Company relating to Flint Peak. Incorporated by reference to Current Report.
- 10.29.3 -- Form of Lease Agreement by and between KPWR, Inc. and the Company relating to KLAX. Incorporated by reference to Current Report. Incorporated by reference to Current Report.
- 10.32.1 -- Asset Purchase Agreement dated as of October 30, 1995 between SBS-NJ and Park Radio of Greater New York, Inc. ("Park Radio"). Incorporated by reference to Exhibit 10.32 of the 1995 10-K.
- 10.32.2 -- First Amendment dated as of March 18, 1996 to the Asset Purchase Agreement dated as of October 1995, among SBS-NJ, Park Radio and SBS-GNY. Incorporated by reference to Current Report
- 10.33 -- Escrow Agreement dated as of October 30, 1995 by and among SBS-NJ, Park Radio and Media Ventures. Incorporated by reference to Current Report.
- 10.34 -- Time Brokerage Agreement dated as of January 20, 1995 between the SBS-GNY and Park Radio. Incorporated by reference to Current Report.
- 10.35 -- Broadcast Station License dated June 1, 1984 issued by the FCC to Capital Cities Communications, Inc. ("Capital Cities") in connection with WPAT-FM, together with FCC License Renewal authorization granted October 29, 1991 to Park Radio, as

assignee of Capital Cities and the assignment of the Broadcast Station License for WPAT-FM from Park Radio to SBS-NY. Incorporated by reference to Current Report.

- 10.36 -- Agreement of Lease dated as of March 1, 1996. No WT-1744-A-119 1067 between The Port Authority of New Jersey and SBS-GNY as assignee of Park Radio. Incorporated by reference to Current Report.
- 10.37 -- Securities Purchase Agreement dated as of March 25, 1996 by and among the Company, the Guarantors named therein and each of the purchasers named therein. Incorporated by reference to Current Report.
- 10.38 -- Warrant Agreement dated as of March 25, 1996 by and among the Company and IBJ Schroder Bank and Trust Company, as Warrant Agent. Incorporated by reference to Current Report.
- 10.39 -- Common Stock Registration Rights and Stockholders Agreement dated as of March 25, 1996 among the Company, certain management stockholders and each of the purchasers named herein. Incorporated by reference to Current Report.
- 10.40 -- Senior Secured Note and Exchangeable Preferred Stock Registration Rights Agreement dated as of March 25, 1996 among the Company and each of the purchasers named therein. Incorporated by reference to Current Report.
- 10.41 -- Pledge and Security Agreement dated as of March 25, 1996 by and among SBS-NJ, SBS-GNY and IBJ Schroder Bank & Trust Company, as agent. Incorporated by reference to Current Report.
- 10.42 -- Employment Agreement dated September 27, 1996 between Russell Oasis and the Company.\*
- 10.43 -- Asset Purchase Agreement dated September 16, 1996 among Raul Alarcon Jr., New Age Broadcasting, Inc., The Seventies Broadcasting Corporation and the Company, and with respect only to Section 9.3 thereof, Alan Potamkin, Russell Oasis and Robert Potamkin.\*
- 10.44 -- Asset Purchase Agreement dated August 22, 1996 between Infinity Holdings Corp. of Orlando and the Company.\*
- 21.1 -- List of Subsidiaries. Incorporated by reference to the 1994 10-K

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\*Filed herewith

## EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into as of the 28th day of September, 1996 by and between SPANISH BROADCASTING SYSTEM, INC., a Delaware corporation with its principal office located at 28 West 56th Street, New York, New York 10019 (the "Company"), and RUSSELL A. OASIS (the "Executive"), whose address is 4840 S.W. 80th Street, Miami, Florida 33143.

## Recitals

A. Executive is the Chief Executive Officer and 50% shareholder of New Age Broadcasting, Inc. and The Seventies Broadcasting Corporation (collectively, "The Selling Companies"). The Selling Companies own and operate WXDJ-FM, Homestead, Florida and WRMA-FM, Ft. Lauderdale, Florida (collectively, the "Stations"). The Selling Companies have entered into an asset purchase agreement dated as of September 16, 1996 to sell the Stations to the Company ("Asset Purchase Agreement").

B. The Asset Purchase Agreement requires the Company to enter into an employment agreement with the Executive as provided in the Asset Purchase Agreement.

C. The Executive, subject to his duties and obligations as Chief Executive Officer ("CEO") and principal shareholder of the Selling Companies, which duties and obligations supersede duties and obligations of Executive hereunder, wishes to commence his employment with the Company prior to the closing of the Asset Purchase Agreement.

D. The Board of Directors of the Company (the "Board") believes that the Executive can contribute to the growth and success of the Company, and desires to assure the Company of the Executive's employment and to compensate him therefor.

E. The Board has determined that this Agreement will encourage the Executive's attention and dedication to the Company.

F. The Executive is willing to make his services available to the Company on the terms and conditions hereinafter set forth.

## Agreement

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties agree as follows:

## 1. Employment.

1.1 General. Subject to the termination provisions of this Agreement, the Company hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Company on the terms and conditions set forth herein.

1.2 Duties of the Executive. During the term of this Agreement, the Executive shall serve as the Executive Vice President of Programming for Company and Chief Operating Officer of Stations and WCMQ-FM, shall diligently perform all duties as may be assigned to him by Raul Alarcon, Jr., the Company's Chief Executive Officer, consistent with his position, and shall exercise such power and authority, consistent with his position, as may from time to time be delegated to him by Raul Alarcon, Jr. Subsequent to the closing of the Asset Purchase Agreement, the Executive shall devote substantially all of his business time and attention to the business and affairs of the Company, render such services to the best of his ability, and use his best efforts to promote the interests of the Company; provided, however, that the Executive may be involved, as an investor, officer, director or otherwise (as long as the Executive is not actively employed in such business) in any business that is not primarily engaged in Spanish radio broadcasting. Prior to the closing of the Asset Purchase Agreement, the Company agrees that Executive's responsibility shall be to the Stations and any duties or obligations of Executive under this Agreement shall be subordinate to his duties and obligations to the Stations and the Selling Companies as its CEO and principal shareholder. Subject to the direction of Raul Alarcon, Jr., the Chief Executive Officer, the Executive shall be responsible for the day-to-day operations of the Company's radio stations (including those directly or indirectly controlled by the Company).

2. Term. This Agreement shall be for a term of one (1) year, commencing on the date hereof and ending on September 25, 1997, unless sooner terminated as hereinafter set forth (the "Term"). The Term may be extended by mutual written agreement of the parties within 60 days prior to the expiration of the Term. Without in any way committing or otherwise legally obligating the Company or the Executive, the parties understand that in order for the Executive to extend the term of this Agreement, the Executive must be offered a compensation package, including an equity participation in the Company, satisfactory to the Executive.

## 3. Compensation.

3.1 Base Salary. The Executive shall receive a base salary at the annual rate of Four Hundred Fifty Thousand Dollars (\$450,000) (the "Base Salary") during the Term of this Agreement, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes.

3.2 Bonus. The Executive shall receive a bonus (the "Bonus") in the amounts, and in accordance with the terms and conditions, set forth in Schedule A hereto.

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#### 4. Expense Reimbursement and Other Benefits.

4.1 Other Reimbursable Expenses. During the term of the Executive's employment hereunder, the Company, shall reimburse the Executive for all reasonable expenses actually and necessarily paid or incurred by the Executive in the course of and pursuant to the business of the Company. The Executive shall comply with the Company's policy for reimbursement of expenses for its senior executives.

4.2 Other Benefits. The Executive and his immediate family shall be entitled to participate in all medical and hospitalization, group life insurance, and any and all other plans as are presently and hereinafter provided by the Company to any of its executives. The Executive shall also be entitled to four (4) weeks paid vacation time, as well as paid time off for holidays and sick leave in accordance with the Company's prevailing policy for any of its senior executives generally.

4.3 Working Facilities. The Company shall furnish the Executive with an office, secretarial help and such other facilities and services suitable to his position and adequate for the performance of his duties hereunder.

4.4 Automobile Allowance. The Executive shall be entitled to an automobile allowance of \$500 per month, which amount is intended to compensate Executive for wear and tear and, in addition, reimburse the Executive for all costs of gasoline, oil, repairs, maintenance, insurance and other expenses incurred by the Executive by reason of the use of the Executive's automobile for Company business from time to time.

4.5 Place of Employment. In connection with his employment by the Company, the Executive shall be based at the Company's offices located in Dade County, Florida except for travel on the Company's business deemed necessary by the Executive from time to time.

4.6 Indemnification. The Company agrees to indemnify, defend and make whole Executive for any action or inaction of Executive in pursuit of his obligations under this Agreement on behalf of the Company, its subsidiaries and affiliates to the fullest extent permitted by the corporate laws of the State of Delaware, including the monthly payment of legal fees and costs necessary in any

defense. This right of indemnification shall not include nor cover any action by the Executive that exceeds the scope of his authority under this Agreement. This right of indemnification is subject to the obligation of Executive to reimburse the Company if it is ultimately and judicially determined that the Executive is not entitled to indemnification under Delaware corporate law.

## 5. Termination.

5.1 Termination for Cause. The Company shall at all times have the right, upon written notice to the Executive, to terminate the Executive's employment hereunder for "Cause" (as hereinafter defined). For purpose of this Agreement, the term "Cause" shall mean (i) the willful failure or refusal of the Executive to perform the duties or render the services

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reasonably assigned to him from time to time by the Board (except during vacation periods or sick leave), which failure or refusal to perform is not cured by the Executive within thirty (30) days of receipt of written notice from the Company (ii) the conviction of the Executive of a felony or (iii) the willful violation of the provisions of Section 6 hereof relating to non-competition and non-disclosure, which violation is not cured within thirty (30) days or receipt of notice from the Company. Any written notice delivered to the Executive pursuant to this Section 5.1 shall set forth in reasonable detail the acts or omissions of the Executive that constitute grounds for termination for "Cause" and the actions required by the Executive to adequately cure any such default.

5.2 Disability. The Company shall at all times have the right, upon written notice to the Executive, to terminate the Executive's employment hereunder if the Executive shall, as the result of mental or physical incapacity, illness or disability, become unable to perform his hereunder for in excess of ninety (90) days in any 12-month period. Upon any termination pursuant to this Section 5.2, the Company shall pay to the Executive any unpaid amounts of his Base Salary accrued through the effective date of termination and the amount, if any, of the unpaid Bonus to which the Executive would have been entitled at the expiration of the Term in accordance with Section 3.2 hereof, and an amount to be determined by the Board of Directors in their sole and absolute discretion, and the Company shall have no further liability hereunder (other than for reimbursement for reasonable business expenses incurred prior to the date of termination, subject, however to the provisions of Section 4.1).

5.3 Death. In the event of the death of the Executive during the term of his employment hereunder, the Company shall pay to the estate of the deceased Executive any unpaid amounts of his Base Salary accrued through the

effective date of his death and the amount, if any, of the unpaid Bonus to which the Executive would have been entitled at the expiration of the Term in accordance with Section 3.2 hereof, and the Company shall have no further liability hereunder (other than for reimbursement for reasonable business expenses incurred prior to the date of the Executive's death, subject, however to the provisions of Section 4.1).

5.4 Resignation by the Executive. The Executive shall at all times have the right, upon 30 days' written notice to the Company, to terminate the Executive's employment hereunder. Upon any termination pursuant to this Section 5.4, the Employee shall be entitled to be paid his Base Salary to the date of termination, and the Company shall have no further liability hereunder (other than for reimbursement of reasonable business expenses incurred prior to the date of termination, subject, however, to the provisions of Section 4.1).

5.5 COBRA Benefits. Upon any termination of the employment of the Executive, including any termination as a result of the expiration of the term of this Agreement, the Executive shall be entitled to COBRA benefits for a period of 18 months.

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## 6. Restrictive Covenants.

6.1 Non-competition. While employed by the Company and subsequent to the closing of the Asset Purchase Agreement, the Executive shall not, directly or indirectly, own, operate, manage, be employed by, consult or provide any services to any radio broadcast station that broadcasts in the Spanish language whose main studio or transmitter is located within a fifty (50) mile radius of any radio station owned, under contract to purchase or operated by the Company or any of the Company's subsidiaries or affiliates during the term of this Agreement.

6.2 Nondisclosure. While employed by the Company and subsequent to the closing of the Asset Purchase Agreement, the Executive shall not divulge, communicate, use to the detriment of the Company or any affiliate or for the benefit of any other person or persons, or misuse in any way, any confidential information pertaining to the business of the Company or any of the Company's subsidiaries or affiliates. While employed by the Company and subsequent to the closing of the Asset Purchase Agreement, any confidential information or data now known or hereafter acquired by the Executive with respect to the business of the Company or any affiliate (which shall include, but not be limited to, information concerning the Company's or any affiliates' financial condition, prospects, sources, and methods of doing business) shall be deemed a valuable, special and unique asset of the Company that is received by the Executive in

confidence and as a fiduciary, and the Executive shall remain a fiduciary to the Company with respect to all such information while employed by the Company.

6.3 Nonsolicitation of Employees and Customers. While employed by the Company, the Executive shall not, directly or indirectly, hire any employee of the Company or otherwise solicit or induce any employee of the Company to terminate such employment or become employed by any person or entity other than the Company or any of its affiliates.

6.4 Books and Records. All books, records and accounts relating in any manner to the customers or clients of the Company, whether prepared by the Executive or otherwise coming into the Executive's possession, shall be the exclusive property of the Company and shall be returned immediately to the Company on termination of the Executive's employment hereunder or on the Company's request at any time.

7. Injunction. It is recognized and hereby acknowledged by the parties hereto that a breach by the Executive of any or the covenants contained in Section 6 of this Agreement will cause irreparable harm and damage to the Company, the monetary amount of which may be virtually impossible to ascertain. As a result, the Executive recognizes and hereby acknowledges that the Company shall be entitled to an injunction from any court of competent jurisdiction enjoining or restraining any violation of any or all of the covenants contained in Section 6 of this Agreement by the Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever remedies the Company may possess.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to any conflict of law, rule or principle that would give effect to the laws of another jurisdiction.

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9. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company with respect to such subject matter. This Agreement may not be modified in any way unless by a written instrument signed by both the Company and the Executive.

10. Notices. Any notice required or permitted to be given hereunder shall be deemed given when delivered by hand (including Federal Express) or when deposited in the United States mail, by registered or certified mail, return



receipt requested, postage prepaid, to the parties hereto at their respective address first stated herein, or to such other address as either party hereto may from time to time give notice of to the other.

11. Benefits; Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representative, legal representatives, successors and, where applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets or otherwise; provided, however that the Executive shall not delegate his employment obligations hereunder, or any portion thereof, to any other person.

12. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

13. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

14. Damages. Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. In the event that either party hereto brings suit for the collection of any damages resulting from, or for the injunction of any action constituting, a breach of any of the terms or provisions of this Agreement, then the party found to be at fault shall pay all reasonable court costs and attorneys' fees of the other. Notwithstanding anything in this Agreement to the contrary, the Executive shall have no duty to mitigate his damages upon termination of this Agreement for any reason whatsoever.

15. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this

Agreement.

16. No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the Executive and their respective heirs, personal representatives, legal representatives, successors and assigns, as applicable, any rights or remedies under or by reason of this Agreement.

17. Right of Termination. Either the Company or the Executive may at any time for any reason or for no reason prior to the closing of the Asset Purchase Agreement give the other party 1 business day prior written notice and terminate this Agreement without any further obligation of the Executive to the Company or the Company to the Executive as a result of this Agreement other than the reimbursement of expenses and the payment of compensation to the date of termination.

18. No Liability. Notwithstanding anything to the contrary contained in this Agreement, under no set of circumstances shall Executive be liable to anyone because of any action or inaction of Executive prior to the closing of the Asset Purchase Agreement is alleged to favor or benefit, or in fact favors or benefits, the Stations or the Selling Companies to the detriment of the Company, its subsidiaries or affiliates.

19. No Effect on the rights and obligations of the parties under the Asset Purchase Agreement. The rights and obligations of the parties to the Asset Purchase Agreement shall not be affected, amended or changed in any manner by the performance or non-performance, or the termination, of this Agreement by any of the parties prior, or subsequent to, the closing of the Asset Purchase Agreement. The breach or termination of this Agreement prior to the closing of the Asset Purchase Agreement will not relieve the Company of its obligation to offer the employment agreement required by the Asset Purchase Agreement (the "Required Asset Purchase Agreement"). If this Agreement is in effect subsequent to the closing of the Asset Purchase Agreement, this Agreement shall be deemed to be the Required Employment Agreement for all purposes under the Asset Purchase Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Raul Alarcon, Jr.

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Name:

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Title:

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/s/ Russell A. Oasis

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RUSSELL A. OASIS

BONUS

Executive shall be entitled to a cash bonus, payable within 45 days after the end of the term of this Agreement, based on the percentage increase of Broadcast Cash Flow for the full 12 calendar months following the effective date of the Agreement, from the Base Cash Flow. Base Cash Flow shall be determined by adding the following broadcast cash flow amounts: (i) for stations owned by the Company or its subsidiaries for over one (1) year, the actual broadcast cash flow for such stations for the twelve (12) full calendar months prior to the effective date of this Agreement; (ii) for stations owned by the Company or its subsidiaries for less than one (1) year but greater than six (6) months, the actual broadcast cash flow for the previous three (3) full calendar months for those stations multiplied by four (4); and (iii) for stations owned by the Company or its subsidiaries for less than six months, an amount equal to 4-1/2% of the purchase price for such stations. In the event any stations of the Company or its subsidiaries are disposed of or acquired during the term of this Agreement, the Company and the Executive shall in good faith determine a fair adjustment to the Base Cash Flow as a result of any such acquisitions or dispositions. Broadcast cash flow for purposes of this Bonus shall be determined in the same manner as broadcast cash flow is determined for the latest public filing of the Company with the Securities and Exchange Commission prior to the effective date of this Agreement. The Bonus shall be as follows:

<TABLE>

<CAPTION>

Percentage increase -----	Cash Bonus -----
<S>	<C>
0-9% increase in Broadcast Cash Flow over Base Cash Flow.....	No Bonus
10-14%.....	\$ 100,000
15-19%.....	\$ 300,000
20-24%.....	\$ 550,000
25-29%.....	\$ 750,000
30-34%.....	\$1,000,000
35-39%.....	\$1,250,000
40-44%.....	\$1,500,000
45-50%.....	\$1,750,000
51-55%.....	\$2,000,000

</TABLE>

For each 5% increase after 56%, the Bonus will be increased by \$250,000 from the previous cash bonus amount.

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of September 16, 1996, by and among Spanish Broadcasting System, Inc., a Delaware corporation ("Buyer"), Raul Alarcon, Jr., New Age Broadcasting, Inc., a Florida corporation ("New Age"), The Seventies Broadcasting Corporation, a Florida corporation ("Seventies", and together with New Age, individually, a "Seller" and collectively, the "Sellers") and, with respect to Section 9.3 hereof only, Alan Potamkin, Russell A. Oasis and Robert Potamkin.

## RECITALS

A. Sellers are the licensees of and own and operate radio stations WXDJ-FM, Homestead, Florida and WRMA-FM, Ft. Lauderdale, Florida (the "Stations") pursuant to licenses issued by the Federal Communications Commission.

B. Sellers desire to sell, and Buyer wishes to buy, substantially all the assets that are used or useful in the business or operations of the Stations, for the price and on the terms and conditions set forth in this Agreement.

## AGREEMENTS

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, Buyer and Sellers, intending to be bound legally, agree as follows:

## SECTION 1 DEFINITIONS

The following terms, as used in this Agreement, shall have the meanings set forth in this Section:

"Accounts Receivable" means the rights of Sellers to cash payment for the sale of advertising time and other revenues which are outstanding on the Closing Date, which shall be reflected on the list to be provided to Buyer by Sellers pursuant to Section 6.4(a).

"Affiliate" of any Person means any Person which is directly or indirectly controlled by, under common control with or controlling such Person. The term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person or the beneficial ownership, directly or indirectly, of a general partnership interest in, or 10% or more of the equity of such Person.

"Assets" means the assets to be sold, transferred, or otherwise conveyed to Buyer under this Agreement, as specified in Section 2.1.

"Assumed Contracts" means (i) all Contracts listed in Schedule 3.7, (ii) contracts entered into prior to the date of this Agreement with advertisers for the sale of advertising time for cash at rates consistent with Sellers' past practices, (iii) any Contracts entered into by any Seller between the date of this Agreement and the Closing Date that Buyer agrees in writing to assume, and (iv) Contracts entered into by Sellers in compliance with Section 5.3.

"Closing" means the consummation of the purchase and sale of the Assets pursuant to this Agreement in accordance with the provisions of Section 8.

"Closing Date" means the date on which the Closing occurs, as determined pursuant to Section 8.

"Consents" means the consents, permits, or approvals of government authorities and other third parties necessary to transfer the Assets to Buyer or otherwise to consummate the transactions contemplated by this Agreement, including the written consents to the assignment of the Assumed Contracts.

"Contracts" means all contracts, leases, non-governmental licenses, and other agreements (including leases for personal or real property and employment agreements), written or oral (including any amendments and other modifications thereto) to which any Seller is a party or which are binding upon any Seller and which relate to or affect the Assets or the business or operations of the Stations, and (i) which are in effect on the date of this Agreement or (ii) which are entered into by Sellers between the date of this Agreement and the Closing Date.

"Designated Officers" means (i) with respect to New Age, Russell A. Oasis as President, Alan H. Potamkin as Secretary and Robert M. Potamkin as Vice President and (ii) with respect to Seventies, Russell A. Oasis as President, Alan H. Potamkin as Secretary and Robert M. Potamkin as Treasurer.

"Effective Time" means 12:01 a.m., local Florida time, on the Closing Date.

"FAA" means the Federal Aviation Administration.

"FCC" means the Federal Communications Commission.

"FCC Consent" means action by the FCC granting its consent to the assignment of the FCC Licenses to Buyer as contemplated by this Agreement.

"FCC Licenses" means all Licenses issued by the FCC to any Seller in connection with the existing or currently authorized business or operations of the Stations.

"Final Order" means an action by the FCC that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, and with respect to which no timely filed requests are pending for administrative or judicial review, reconsideration, appeal, or stay, and the time for filing any such requests and the time for the FCC to set aside the action on its own motion have expired.

"Intangibles" means all copyrights, trademarks, trade names, service marks, service names, call signs, licenses, patents, permits, jingles, proprietary information, technical information and data, machinery and equipment warranties, and other similar intangible property rights and interests (and any goodwill associated with any of the foregoing) applied for, issued to, or owned by any Seller or under which any Seller is licensed or franchised and which are used or useful in the business and operations of the Stations, material items of which (other than those set forth in Schedule 3.4) are set forth on Schedule 3.9, together with any additions thereto between the date of this Agreement and the Closing Date, excluding the names "New Age" and "The Seventies".

"Licenses" means all licenses, permits, construction permits and other authorizations issued by the FCC, the FAA or any other federal, state, or local governmental authorities to any Seller, currently in effect and used in connection with the conduct of the business or operations of the Stations, which Licenses are set forth on Schedule 3.4, together with any additions thereto between the date of this Agreement and the Closing Date.

"Liens" means security interests, mortgages, pledges, charges and other liens and encumbrances.

"Permitted Liens" means (i) Liens for taxes not yet due and payable, (ii) Liens arising pursuant to the Assumed Contracts and Liens securing obligations assumed by Buyer at the Closing as provided in Section 2.4, (iii) Liens disclosed on Schedules 3.5 and 3.6 hereto and other Liens which shall be discharged prior to the Closing, (iv) mechanics' Liens and other similar Liens incurred in the ordinary course of business which shall be discharged prior to the Closing, and (v) with respect to leasehold interests, the rights and interests of lessors and other owners and Liens granted by such Persons and all Liens and other matters of record.

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"Person" means an individual or corporation, partnership, trust, sole proprietorship or other entity.

"Purchase Price" means the purchase price specified in Section 2.3.

"Real Property" means all real property and interests in real property, including fee estates, leaseholds and subleaseholds, purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon, and other real property interests of Sellers which are used or useful in the business or operations of the Stations, together with any additions thereto between the date of this Agreement and the Closing Date.

"Tangible Personal Property" means all of Sellers' interests in machinery, equipment, tools, vehicles, furniture, leasehold improvements, office equipment, inventory, spare parts, and other tangible personal property which is used or useful in the conduct of the business or operations of the Stations, together with any additions thereto between the date of this Agreement and the Closing Date.

## SECTION 2 PURCHASE AND SALE OF ASSETS

2.1 Agreement to Sell and Buy. Subject to the terms and conditions set forth in this Agreement, Sellers hereby agree to sell, transfer, and deliver to Buyer on the Closing Date, and Buyer agrees to purchase from Sellers, all of Sellers' rights, title and interest in and to the tangible and intangible assets used or useful in connection with the conduct of the business or operations of the Stations, together with any additions thereto between the date of this Agreement and the Closing Date, but excluding the assets described in Section 2.2, free and clear of Liens (except for Permitted Liens), including the following:

(a) The Tangible Personal Property;

(b) The Real Property;

(c) The Licenses;

(d) The Assumed Contracts;

(e) The Intangibles;

(f) All of Sellers' proprietary information, technical information and data, transferrable warranties, maps, computer discs and tapes, plans, diagrams, blueprints, and schematics, including filings with the FCC relating to the business and operation of the Stations; and

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(g) All of Sellers' books and records relating to the business and operations of the Stations, and all of Sellers' records required by the FCC to be kept by the Stations.



2.2 Excluded Assets. The Assets shall exclude the following assets:

(a) Sellers' cash on hand as of the Closing and any of Sellers' interests in their bank accounts and all of Sellers other cash, cash equivalents, securities, investments, deposits, prepayments (including prepaid taxes and insurance), tax refunds and overpayments;

(b) Any insurance policies and proceeds thereof, promissory notes, amounts due from employees, bonds, letters of credit, certificates of deposits or other similar items and cash surrender value in regard thereto;

(c) Any pension, profit-sharing, or employee benefit plans, including all of Sellers' interest in any Welfare Plan, Pension Plan, or Benefit Arrangement (as defined in Section 3.13), and any collective bargaining agreements;

(d) The Accounts Receivable;

(e) Any Contracts not included among the Assumed Contracts;

(f) All tax returns and supporting materials, all original financial statements and supporting materials, all books and records that Sellers are required by law to retain, all corporate minutes and records, and all records of Sellers relating to the sale of the Assets;

(g) Any interest in and to any refunds of federal, state, or local franchise, income or other taxes for periods prior to the Closing Date;

(h) the assets listed on Schedule 2.2.

Buyer acknowledges that Sellers' shareholders own a company that holds an option to acquire a tower site in the Miami area and neither such company nor such option are included in the Assets.

2.3 Purchase Price.

(a) The Purchase Price for the Assets shall be One hundred ten million dollars (\$110,000,000), subject to adjustment as provided in Section 2.3(c) hereof. The Purchase Price shall be paid by Buyer in full at Closing by confirmed wire transfer or transfers of immediately available funds pursuant to wire instruc-

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tions signed by at least two of Alan Potamkin, Russell Oasis or Robert Potamkin; provided, however, that the signature of only one such individual shall be required if the other two individuals are not alive or legally competent on the Closing Date.

(b) Prorations. All revenues and expenses arising from the operation of the Stations, including revenues and expenses arising under Assumed Contracts, tower rentals, business and license fees, utility charges, real and personal property taxes and assessments levied against the Assets (including those prepaid by Sellers and those payable by Sellers after Closing), property and equipment rentals, applicable copyright or other fees, sales and service charges, taxes (except for income taxes and taxes arising from the transfer of the Assets under this Agreement), and similar prepaid and deferred items, shall be prorated between Buyer and Sellers in accordance with the principle that Sellers shall receive all revenues and shall be responsible for all expenses, costs, and liabilities allocable to the operations of the Stations for the period prior to the Effective Time, and Buyer shall receive all revenues and shall be responsible for all expenses, costs, and obligations allocable to the operations of the Stations for the period after the Effective Time, subject to the following:

(1) Contracts. There shall be no adjustment for, and Sellers shall remain solely liable and receive all benefits with respect to, any Contracts not included in the Assumed Contracts. An adjustment and proration shall be made in favor of Buyer to the extent that Buyer assumes any liability under any Assumed Contract to refund (or to credit against payments otherwise due) any security deposit or similar prepayment paid to Sellers by any lessee or other third party which is not otherwise credited to Buyer. Any adjustment and proration shall be made in favor of Sellers to the extent that Sellers have made (i) any security deposit under any Assumed Contract whether or not there is a proration under such Assumed Contract or (ii) other prepayment under any Assumed Contracts for which there is a proration.

(2) Employee Compensation. Except as otherwise provided herein, Sellers shall be responsible for the payment of all compensation and commissions owed to the Stations' employees up to the Effective Time. Buyer may, as of the Effective Time, employ those employees of the Stations as Buyer may elect on terms and conditions determined by Buyer and Buyer shall be responsible for the payment of all compensation and commissions payable to the Stations' employees retained by Buyer after the Effective Time. The parties agree that Buyer shall be entitled to a proration crediting the Buyer for any obligations of the Sellers to any employees that relate to accrued and unpaid vacation time, sick leave or severance pay existing on and as of the Closing Date, after which Sellers shall no longer be liable for such obligations and Buyer shall assume and discharge such obligations.

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(3) Music Licenses. There shall be no proration of music license fees. Sellers are responsible for filing and paying all music license fees (ASCAP, BMI, SESAC, etc.) due and payable as of the Effective Time, and Buyer is responsible for filing and paying all such fees after the Effective Time.

(c) Subject to Sections 7.1(e) and 7.2(e) hereof, in the event that the minimum combined "Broadcast Cash Flow" of the Sellers is less than nine million one hundred thousand dollars (\$9,100,000) (the "Target Broadcast Cash Flow") for the 12 consecutive whole months immediately preceding the Closing for which monthly financial statements have been prepared and are available (the "Trailing 12 months"), then the Purchase Price shall be reduced by an amount equal to (i) (A) the Target Broadcast Cash Flow minus (B) the actual Broadcast Cash Flow of the Sellers for the Trailing 12 Months multiplied by (ii) 12.09. For example, if the actual Broadcast Cash Flow of the Sellers for the Trailing 12 Months is \$8,900,000, then the Purchase Price shall be reduced pursuant to this Section 2.3(c) by \$2,418,000. For purposes of this Agreement, "Broadcast Cash Flow" shall mean the Sellers' combined operating income, as determined by generally accepted accounting principles ("GAAP") as applied by Sellers on a basis consistent with their most recent audited financial statements, before any reduction for depreciation and amortization, interest, taxes, write-down of franchise costs, trade expense and trade income, corporate expenses (including, without limitation, Russ Oasis' compensation and benefits), legal fees and all expenses associated with the sale or attempted sale of the Stations and the legal fees and costs and any judgment associated with the litigation described in Schedule 3.16. By way of example only, Exhibit 2.3(c) hereto sets forth an itemized determination of Broadcast Cash Flow.

(d) Manner of Determining Prorations. The prorations pursuant to Section 2.3(b) will be determined finally in accordance with the following procedures:

(1) Sellers shall prepare and deliver to Buyer not later than seven (7) days before the Closing Date a preliminary settlement statement which shall set forth Sellers' good faith determination of the prorations under Section 2.3(b). The Sellers' settlement statement (A) shall contain all information reasonably necessary to determine the prorations under Section 2.3(b) to the extent such prorations can be determined or estimated as of the date thereof and such other information as may be reasonably requested by Buyer, and (B) shall be certified by Sellers to be true and complete to the best of Sellers' knowledge as of the date thereof.

(2) No later than three (3) days prior to the Closing Date, Buyer will deliver to Sellers a settlement statement setting forth Buyer's good faith determination of the prorations

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under Section 2.3(b). Buyer's settlement statement (A) shall contain all information reasonably necessary to determine the prorations under Section 2.3(b), and such other information as may have been reasonably requested by Sellers, and (B) shall be certified by Buyer to be true and complete to the best of Buyer's knowledge as of the date thereof.

(3) In the event the Buyer and the Sellers are in agreement with respect to the amounts of the prorations under Section 2.3(b) hereof, at the

Closing payment in cash or other immediately available funds shall be made by either the Buyer or the Sellers, as applicable, to give effect to such prorations. The parties shall resolve any dispute relating to the amount of such prorations under Section 2.3(b) in accordance with Section 2.3(d) (4) below.

(4) Buyer and Sellers shall use good faith efforts to resolve any dispute involving the determination of the prorations pursuant to Section 2.3(b) at or prior to Closing. If the parties are unable to resolve the dispute at Closing, all prorations which are not in dispute shall be made in accordance with Section 2.3(b) and, with respect to the disputed prorations, Buyer and Sellers shall each (at its own expense) designate an accountant to resolve the dispute within 15 days following the Closing, and if such accountants are unable to resolve the dispute, such accountants shall appoint a third accountant independent of Buyer and Sellers (such two or three accountants, "the Accountants") to resolve the dispute. Any fees of any third Accountant shall be divided equally between the parties. In the event that either Buyer or Sellers fail to designate an Accountant, then the determination of the Accountant which has been designated shall be final and binding upon the parties. In the event that the Accountants designated by Buyer and Sellers are unable to resolve the dispute and are also unable to agree upon a third Accountant within 30 days following the Closing, then such third Accountant shall be selected within 60 days of the Closing (or as soon thereafter as practicable) by arbitration in accordance with Section 11.2 hereof. With respect to any prorations disputed by the parties (collectively, the "Disputed Amount") on the Closing Date, Buyer and Sellers shall each submit in writing to the Accountants their determination of the Disputed Amount. The Accountants' resolution of the dispute shall be made within thirty (30) days after the Closing Date (unless the Accountants are unable to agree, if required by the terms hereof, upon a third Accountant, in which case the resolution of the dispute by the Accountants shall be made within 15 days of the selection of a third Accountant), in accordance with this Agreement by unanimous decision of the initial one or two Accountants or majority decision of three Accountants, and shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. In the event the total amount of the

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proration sought by or on behalf of either party exceeds the final determination of the Accountants by more than ten percent (10%), then such party shall bear all costs and expenses associated with the resolution of the dispute; provided, that if the total amount of the proration sought by both parties exceeds such final determination of the Accountants by more than ten percent (10%), then the parties shall bear equally all costs and expenses associated with the resolution of such dispute. It is expressly understood and agreed that any dispute under this Section 2.3 (d) shall not delay or prevent the Closing in any manner, and that the transactions contemplated hereby shall be consummated notwithstanding such dispute in accordance herewith. Any claims to the Escrow Amount shall be paid following the Closing.

## 2.4 Assumption of Liabilities and Obligations.

(a) As of the Closing Date, Buyer shall assume and undertake to pay, discharge and perform (i) any obligations or liabilities under the Assumed Contracts insofar as they relate to the period after the Closing Date except insofar as an adjustment therefor is made in favor of Sellers under Section 2.3 (b), (ii) any claims or litigation or proceedings insofar as they relate to the operation of the Stations after the Closing, and (iii) any obligations or liabilities relating to the business operations of the Stations after the Closing, and all such obligations and liabilities shall become and be the obligations and liabilities solely of Buyer.

(b) Buyer shall not assume any other obligations or liabilities of Sellers, including (i) any obligations or liabilities under any Contract not included in the Assumed Contracts, (ii) any obligations or liabilities under the Assumed Contracts insofar as they relate to the period prior to the Closing Date except insofar as an adjustment therefor is made in favor of Buyer under Section 2.3(b), (iii) any claims or pending litigation or proceedings insofar as they relate to the operation of the Stations prior to the Closing, (iv) any obligations or liabilities of Sellers under any employee pension, retirement, or other benefit plans, (v) any obligations or liabilities of Sellers under any collective bargaining agreements, (vi) any obligation to any employee of any of the Stations for severance benefits, vacation time, or sick leave accrued prior to the Closing Date, or (vii) any obligations or liabilities other than the liabilities being assumed by Buyer pursuant to Section 2.4(a) caused by, arising out of, or resulting from any action or omission of Sellers prior to the Closing, and all such obligations and liabilities shall remain and be the obligations and liabilities solely of Sellers.

2.5 Allocation of Purchase Price. Subject to the following sentence, the Purchase Price shall be allocated between Sellers and among the Assets, as of the Closing Date, pursuant to the appraisal

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of the current value of the Assets on the Closing Date to be paid for by the Buyer and supplied by Buyer to Sellers within 30 days following the Closing Date, which appraisal shall be subject to the approval of Sellers, which approval shall not be unreasonably withheld. It is expressly understood and agreed that an aggregate of \$200,000 of the Purchase Price shall be "allocated" to the Non-Competition Agreement referred to in Section 8.2(f) hereof. Notwithstanding the foregoing, in the event that the parties are unable to agree upon the allocation of the Purchase Price within 30 days following the Closing Date, then the parties shall submit such dispute to arbitration pursuant to Section 11.2 hereof within 45 days following the Closing.

## SECTION 3 REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers represent and warrant to Buyer as follows:

3.1 Organization, Standing, and Authority. Each Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida. Such Seller has all requisite power and authority (i) to own, lease, and use the Assets as now owned, leased, and used in all material respects, (ii) to conduct the business and operations of the Stations as now conducted in all material respects, and (iii) to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by such Seller hereunder and thereunder. Except as set forth on Schedule 3.1, neither Seller is a participant in any joint venture or partnership with any other person or entity with respect to any material part of the operations of the Stations or any of the material Assets.

3.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Sellers have been duly authorized by all necessary corporate actions on the part of Sellers and their shareholders. This Agreement has been duly executed and delivered by Sellers and constitutes the legal, valid, and binding obligation of Sellers, enforceable against them in accordance with its terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

3.3 Absence of Conflicting Agreements. Except as otherwise provided herein including, without limitation, Section 6.10 hereof, subject to obtaining the FCC Consent, and the filing of a Notification and Report Form and the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act", and together with the FCC Consent, the "Required Consents"), and the Consents listed on Schedule 3.3 (as

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defined below), the execution, delivery, and performance of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (i) do not conflict with any provision of the Articles of Incorporation or Bylaws of Sellers; (ii) do not as of the date hereof conflict with, result in a breach of, or constitute a default under, any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (iii) do not as of the date hereof constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license, or permit to which any Seller is a party or by which any Seller may be legally bound which would have a material adverse effect on Sellers or the Stations; and (iv) will not create any Lien of any material nature whatsoever upon the Assets, except in the case of each of clauses (ii), (iii) and (iv) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Liens which would not, individually or in the aggregate, have a material adverse effect on Sellers ability to consummate the transactions contemplated



hereby.

3.4 Governmental Licenses. Schedule 3.4 includes a true and complete list of the FCC Licenses. Sellers have made available to Buyer true and complete copies of the FCC Licenses (including any amendments and other modifications thereto). To Sellers' knowledge, the Licenses have been validly issued, and Sellers are the authorized legal holders thereof (respectively, as indicated on such schedule). The FCC Licenses listed on Schedule 3.4 comprise all of the licenses, permits, and other authorizations required from the FCC for the lawful conduct of the business and operations of the Stations in the manner and to the full extent they are now conducted. Subject to the foregoing, the FCC Licenses are in full force and effect and the conduct of the business and operations of the Stations are in accordance therewith.

### 3.5 Interests in Real Property.

(a) Schedule 3.5 contains a complete and accurate description of all Sellers' interests in and to all leases of real property. The leases listed on Schedule 3.5 comprise all real property interests used by Sellers to conduct the business and operations of the Stations as now conducted. Sellers own no real property in fee.

(b) With respect to each leasehold interest listed on Schedule 3.5 (the "Leased Property"), except as set forth in Schedule 3.5, Sellers hold such leasehold interests subject to the terms of the relevant Assumed Contract, free and clear of Liens, except for Permitted Liens. Except as set forth in Schedule 3.5, (i) each such lease or sublease that is an Assumed Contract is in full force and effect, and is valid, binding and enforceable in all

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material respects in accordance with its respective terms except as enforceability thereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies, (ii) all accrued and currently payable rents and other payments required to be paid by Sellers under such leases have been paid, (iii) neither any Seller nor to Sellers' knowledge as of the date hereof, any other party is in default in any material respect under any such leases, (iv) to Sellers' knowledge as of the date hereof, no party has asserted any material defense, set off or counterclaim thereunder, and (v) as of the date hereof no notice of material default or termination has been given or received by Sellers thereunder, as of the date hereof no event of material default has occurred by any Seller thereunder or to Sellers' knowledge, by any other party thereto, and as of the date hereof no condition exists and no event has occurred that, with the giving of notice, the lapse of time, or the happening of any further event would become a material default by any Seller thereunder or to Sellers' knowledge, by any other party thereto. Except as set forth in Schedule 3.5 hereto, no third-party consent or approval is required for the assignment of any such lease to Buyer. As of the date hereof, all Real Property (including the improvements thereon) is available for immediate use in the

conduct of the business or operations of the Stations as now conducted and, to Sellers' knowledge, complies in all material respects with all applicable building and zoning codes and the regulations of any governmental authority having jurisdiction, except to the extent the current use, while permitted, constitutes a "nonconforming use" under current zoning or land use regulations. All improvements included in the Assets, if any, are located entirely on the Real Property.

3.6 Title to and Condition of Tangible Personal Property. Schedule 3.6 lists all items of Tangible Personal Property having a value in excess of \$1,000. The Tangible Personal Property listed on Schedule 3.6 comprises all material items of tangible personal property used by Sellers to conduct the business and operations of the Stations as now conducted and, except as set forth on Schedule 3.6, all such property is in good working order and repair and is suitable for the operation of the Stations by Buyer in a manner consistent with the manner in which the Stations have heretofore been operated by Sellers, in conformity with all applicable FCC rules and regulations. Except as described in Schedule 3.6, Sellers own and have good title to each item of Tangible Personal Property, and none of the Tangible Personal Property owned by Sellers is subject to any Lien, except for Permitted Liens. Except as set forth on Schedule 3.6, all items of transmitting and studio equipment included in the Tangible Personal Property permit the Stations and any auxiliary broadcast facilities related thereto to operate in accordance with the terms of the FCC Licenses and the rules and regulations of the FCC (other than FCC engineering specifications). The representations and warranties set forth in

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this Section 3.6 shall not be deemed untrue or incomplete at any time by reason of any disposition, repair or replacement of Tangible Personal Property in compliance with Section 5.4 or 6.5 or otherwise in compliance with this Agreement.

3.7 Contracts. Schedule 3.7 is a true and complete list of all Contracts as of the date hereof except contracts for the sale of advertising time on the Stations for cash at rates consistent with past practices and other contracts which may be canceled by Sellers without penalty on not more than ninety (90) days' notice. Sellers have delivered to Buyer true and complete copies of all written Assumed Contracts, true and complete descriptions (in all material respects) of all oral Assumed Contracts (including any amendments and other modifications to such Contracts) and a schedule summarizing Sellers' material obligations under trade and barter agreements relating to the Stations as of the date hereof. To Sellers' knowledge as of the date hereof, all of the Assumed Contracts are in full force and effect, in all material respects, and, to Sellers' knowledge, are valid, binding and enforceable, in all material respects, in accordance with their terms except as otherwise disclosed on Schedule 3.7 or except as the enforceability thereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.



3.8 Consents. As of the date hereof, except for the Required Consents and the other Consents described in Schedule 3.3, to Sellers' knowledge, no consent, approval, permit, or authorization of, or declaration to or filing with any governmental or regulatory authority, or any other third party is required to permit Sellers to assign or transfer the Assets to Buyer, excluding Consents which, if not obtained, would not have a material adverse effect on any Station.

3.9 Intangibles. Schedule 3.9 is a true and complete list of all Intangibles (exclusive of Licenses listed in Schedule 3.4) that are used by Sellers to conduct the business and operations of the Stations as now conducted, all of which to Sellers' knowledge are on the date hereof valid and in good standing and uncontested except as otherwise set forth on Schedule 3.9. Sellers have delivered to Buyer copies of all existing documents that establish or evidence any of the Intangibles. As of the date hereof, other than with respect to matters generally affecting the radio broadcasting industry and not particular to Sellers, Sellers have not received any notice or demand alleging that any Seller is infringing upon or otherwise acting adversely to any trademarks, trade names, service marks, service names, copyrights, patents, patent applications, know-how, methods, or processes owned by any other person or persons, and to the knowledge of Sellers, there is no claim or action pending or threatened with respect thereto.

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3.10 Financial Statements. Sellers have furnished Buyer with true and complete copies of (i) audited financial statements of New Age containing the balance sheet, statement of income and retained earnings and statement of cash flow at and for New Age's fiscal year ended September 30, 1994, (ii) audited combined financial statements of New Age and Seventies containing the balance sheet, statement of income and retained earnings and statement of cash flows at and for the fiscal year ended September 30, 1995, (iii) unaudited combined financial statements of Sellers containing the balance sheet, statement of income and retained earnings and statement of cash flows at and for the three month periods ended December 31, 1994 and December 31, 1995, and (iv) unaudited statement of income and expenses for Sellers for the period of January 1996 through July 1996 (collectively, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP as applied by Sellers on a consistent basis, accurately reflect the books, records and accounts of the Stations (which books, records and accounts are complete and correct in all material respects) and present fairly the financial condition of the Stations as at their respective dates and the results of operations for the periods then ended, and do not, in accordance with GAAP as applied by the Sellers on a consistent basis, materially overstate income or understate expenses.

3.11 Insurance. Schedule 3.11 is a true and complete list of all insurance policies of Sellers that insure any part of the Assets or the business of the Stations as of the date hereof. All policies of insurance listed in Schedule 3.11 are in full force and effect.

3.12 Reports. All returns, reports and statements that the Stations are currently required to file with the FCC or FAA have been filed, and all reporting requirements of the FCC and FAA have been complied with. All of such returns, reports, and statements, as filed, satisfy all applicable legal requirements.

### 3.13 Personnel.

Employees and Compensation. As of the date hereof, Schedule 3.13 contains a true and complete list of all employees of the Stations and all persons retained as independent contractors at the Stations (collectively, the "Employees") and a description of all compensation arrangements affecting them. As of the date hereof, no Seller has any employee benefit plans or arrangements applicable to its respective Employees other than as set forth on Schedule 3.13.

3.14 Labor Relations. Each Seller has complied in all material respects with all laws, rules, and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the

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payment of social security and other payroll related taxes, except where the failure to so comply would not have a material adverse effect on the Sellers or the Stations, and it has not received any notice alleging that it has failed to comply with any such laws, rules, or regulations. No material controversies, disputes, or proceedings are pending or, to the knowledge of Sellers, threatened, between any Seller and any employee (individually or collectively) of the Stations. To Sellers' knowledge as of the date hereof, no labor union or other collective bargaining unit represents or claims to represent any of the employees of the Stations. To Sellers' knowledge as of the date hereof, there is no union campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board certification election with respect to any employees at the Stations.

3.15 Taxes. Except as set forth on Schedule 3.15, Sellers have filed or caused to be filed all federal income tax returns and all other federal, state, county, local, or city tax returns which are required to have been filed, and they have paid or caused to be paid all taxes shown on those returns or on any tax assessment received by them to the extent that such taxes have become due and payable, or have set aside on their books adequate reserves with respect thereto. As of the date hereof, there are no legal, administrative, or tax proceedings pursuant to which any Seller is or could be made liable for any taxes, penalties, interest, or other charges, the liability for which could extend to Buyer as transferee of the business of the Stations.

3.16 Claims and Legal Actions. As of the date hereof, except as disclosed on Schedule 3.16 or Schedule 3.4 and except for rulemaking

proceedings generally affecting the radio broadcasting industry, there is no claim, legal action, counterclaim, suit, arbitration or other legal, administrative, or tax proceeding, nor any order, decree or judgment, in progress or pending or, to the knowledge of Sellers, threatened, against or relating to any Seller with respect to its ownership or operation of the Stations or otherwise relating to the Assets or the business or operations of the Stations, nor do Sellers know of any reasonable basis for the same. In particular, but without limiting the generality of the foregoing as of the date hereof, except as disclosed on such schedules, there are no applications, complaints or proceedings pending or, to Sellers' knowledge, threatened (i) before the FCC relating to the business or operations of the Stations other than rulemaking proceedings which affect the radio industry generally, (ii) before any federal or state agency relating to the business or operations of the Stations involving charges of illegal discrimination under any federal or state employment laws or regulations, or (iii) before any federal, state, or local agency relating to the business or operations of the Stations involving

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zoning issues under any federal, state, or local zoning law, rule, or regulation.

### 3.17 Environmental Matters.

Subject to the disclosure on Schedule 3.17 and excluding environmental matters as may affect the radio broadcasting industry as a whole:

(a) To Sellers' knowledge, Sellers have complied in all material respects with all laws, rules, and regulations of all federal, state, and local governments (and all agencies thereof) concerning the environment, public health and safety, and employee health and safety, and to Sellers' knowledge as of the date hereof, no charge, complaint, action, suit, proceeding, hearing, claim, demand, or notice has been filed or commenced against any Seller in connection with its ownership or operation of any Station alleging any failure to comply with any such law, rule, or regulation.

(b) To Sellers' knowledge, no Seller has any material liability relating to its ownership and operation of the Stations (and to Sellers' knowledge, there is no reasonable basis related to Sellers' past or present operations of the Stations, for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against any Seller giving rise to any such liability) under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), the Federal Water Pollution Control Act, the Clean Air Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Refuse Act or the Emergency Planning and Community Right-to-Know Act (each as amended), or any other law, rule, or regulation of any federal, state, or local government (or agency thereof) concerning release or threatened release of hazardous substances (as such term is defined in CERCLA and RCRA ("Hazardous

Substances")), public health and safety, or pollution or protection of the environment.

(c) To Sellers' knowledge, no Seller has any liability relating to its ownership or operation of the Stations (and no Seller has handled or disposed of any Hazardous Substances, arranged for the disposal of any Hazardous Substances, or owned or operated any property or facility in any manner that could reasonably be expected to form the basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand (under the common law or pursuant to any statute) against any Seller giving rise to any such liability) for material damage to any site, location, or body of water (surface or subsurface) or for illness or personal injury.

(d) To Sellers' knowledge, no Seller has any material liability relating to its ownership or operation of the Stations

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(and there is no reasonable basis for any charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against any Seller giving rise to any such liability) under the Occupational Safety and Health Act, as amended, or under any other law, rule, or regulation of any federal, state, or local government (or agency thereof) concerning employee health and safety.

(e) In connection with its ownership or operation of the Stations, to Sellers' knowledge, each Seller has obtained and is in material compliance with all of the terms and conditions of all permits, licenses, and other authorizations which are required under, and, to Sellers' knowledge, has complied in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables which are contained in, all federal, state, and local laws, rules and regulations (including all codes, plans, judgments, orders, decrees, stipulations, injunctions and charges thereunder) relating to public health and safety, worker health and safety, and pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous or toxic materials or wastes into ambient air, surface water, ground water or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, or chemical, industrial, hazardous or toxic materials or wastes.

(f) All properties and equipment used in the business of the Stations are and have been free of PCB's and, to Sellers' knowledge, asbestos and asbestos-related products, methylene chloride, trichloroethylene, 1, 2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous

Substances (as defined in Section 302 of the Emergency Planning and Community Right-to-Know Act).

3.18 Compliance with Laws. Sellers have complied with the FCC Licenses and, to Sellers' knowledge, in all material respects with all federal, state, and local laws, rules, regulations, and ordinances applicable or relating to the ownership and operation of the Stations by Sellers.

3.19 Conduct of Business in Ordinary Course. Except as set forth in Schedule 3.19, since July 31, 1996, and continuing through the date hereof, Sellers have conducted the business and operations of the Stations only in the ordinary course and have not:

(a) Suffered any material adverse change in the Tangible Personal Property, including any damage, destruction, or loss affecting in any material respect any assets used or useful in the conduct of the business of the Stations;

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(b) Subject to Section 5.2 hereof, except for increases, payments and changes reflected in the information set forth in Schedule 3.13, made any material increase in compensation payable or to become payable to any of the employees of the Stations, or any bonus payment made or promised to any employee of the Stations, or any material change in personnel policies, employee benefits, or other compensation arrangements affecting the employees of the Stations;

(c) Made any sale, assignment, lease or other transfer of any of the Stations' properties other than in the normal and usual course of business consistent with past business practices with suitable replacements being obtained therefor;

(d) Canceled any debts owed to or claims held by any Seller with respect to the Stations;

(e) Suffered any material write-down of the value of any Assets or any material write-off as uncollectible of any accounts receivable of the Stations; or

(f) Transferred or granted any right under, or entered into any settlement regarding the breach or infringement of, any license, patent, copyright, trademark, trade name, franchise, or similar right, or modified any existing right relating to the Stations.

3.20 Transactions with Affiliates. Except as disclosed on Schedule 3.20, neither Seller has been involved in any material business arrangement or relationship relating to the Stations with any Affiliate of any Seller, and no Affiliate of any Seller owns any material property or right, tangible or

intangible, which is used in the business of the Stations.

3.21 Broker. Neither Sellers nor any person or entity acting on their behalf have incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

#### SECTION 4 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows:

4.1 Organization, Standing, and Authority. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by Buyer hereunder and thereunder.

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4.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Buyer has been duly authorized by all necessary corporate actions on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

4.3 Absence of Conflicting Agreements. Except as set forth on Schedule 4.3, the execution, delivery, and performance by Buyer of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (i) do not require the consent of any third party under any agreement, license or law applicable to Buyer; (ii) will not conflict with any organizational documents of Buyer; (iii) will not conflict with, judgment, order, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality applicable to Buyer; or (iv) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound.

4.4 Broker. Neither Buyer nor any person or entity acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

4.5 Buyer Qualifications. Buyer is qualified to be the licensee of, acquire, own and operate the Stations under the Communications Act of 1934, as now in effect, and the rules, regulations and policies of the FCC as now in effect including without limitation under the multiple ownership standards of

the Act and the FCC, without need for a waiver thereof. Buyer knows of no fact that would, under existing law and the existing rules, regulations, policies and procedures of the FCC (a) disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of the Stations or (b) cause the FCC to fail to approve in timely fashion the application for the FCC Consent. Buyer and no Affiliate of Buyer has ever had an application for transfer of an FCC License or any filing under the Hart-Scott-Rodino Act denied.

4.6 Financing. Buyer will have as of the Closing sufficient finances to enable it to close on the transactions contemplated hereby and to pay the Purchase Price to Sellers in accordance with the terms hereof.

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4.7 Claims and Legal Actions. There is no claim, legal action, counterclaim, suit, arbitration or other legal proceeding, nor any order, decree or judgment in progress or pending or, to the knowledge of Buyer, threatened, against or relating to the Buyer, that may adversely affect its ability to consummate the transactions contemplated hereby.

## SECTION 5 OPERATIONS OF THE STATIONS PRIOR TO CLOSING

Between the date of this Agreement and the Closing Date, Sellers and Buyer, as applicable, shall comply with the covenants set forth in this Section 5, unless approved in advance by Buyer (in the case of covenants relating to conduct of Sellers) or by Sellers (in the case of covenants relating to the conduct of Buyer).

5.1 Generally. Sellers shall operate the Stations diligently in the ordinary course of business substantially in accordance with their past practices (except where such operations would conflict with the following covenants or with Sellers' other obligations under this Agreement or under the Contracts or Licenses), and in accordance with the other covenants in this Section 5. Sellers shall have the right to amend the Schedules to this Agreement, including, without limitation, Schedule 3.20 hereof, to reflect the occurrence of any transactions of Sellers in the ordinary course of business substantially in accordance with their past business practices during the last two years between the date hereof and the Closing Date.

5.2 Compensation. Other than in accordance with existing contracts, Sellers shall not increase the compensation, bonuses, or other benefits payable following the Closing or to be payable to any person employed in connection with the conduct of the business or operations of the Stations; provided that Sellers shall have the right to (i) extend the term of or renew existing employment agreements in a manner generally consistent with its past business practices and (ii) increase the amount of compensation payable to any employee consistent with its past business practices.

5.3 Contracts. Sellers will not, without Buyer's approval, enter into any contract or commitment relating to the Stations or the Assets, or



incur any obligation (including obligations relating to the borrowing of money or the guaranteeing of indebtedness and obligations arising from the amendment of any existing Assumed Contract) that will impose any liability on Buyer after Closing, except for (a) cash time sales agreements made in the ordinary course of business consistent with Sellers' past practices, (b) other contracts entered into in the ordinary course of business consistent with Sellers' past practices that do not involve consideration payable by Buyer after the Closing, in the aggregate,

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in excess of \$50,000 measured at Closing, and (c) agreements permitted by Section 5.20 hereof. Prior to the Closing Date, Sellers shall deliver to Buyer a list of all Contracts entered into between the date of this Agreement and the Closing Date and shall make available to Buyer copies of such Contracts.

5.4 Disposition of Assets. Sellers shall not sell, assign, lease, or otherwise transfer or dispose of any of the material Assets, except assets that are replaced by property of substantially equivalent kind and value.

5.5 Encumbrances. Sellers shall not create or assume any Lien of any material nature upon the Assets, except for Permitted Liens.

5.6 Licenses. Sellers shall not cause or permit, by any act or failure to act, any of the Licenses required to be listed on Schedule 3.4 to expire or to be revoked, suspended, or modified, or take any action that could reasonably be expected to cause the FCC or any other governmental authority to institute proceedings for the suspension, revocation, or material adverse modification of any of the material Licenses. Sellers shall not fail to prosecute with due diligence any material applications to any governmental authority necessary for the operation of the Stations and shall file with the FCC any request necessary to extend the expiration date of any outstanding construction permit if applicable.

5.7 Obligations. Sellers shall pay all obligations relating to the Stations as they become due so that all such obligations shall be current as of the Closing Date, except for obligations contested in good faith which shall be disclosed in writing to Buyer on or prior to the Closing Date.

5.8 Access to Information. Sellers shall give Buyer and its counsel, accountants, engineers, investment bankers, lenders and other authorized representatives reasonable access to the Assets and the Stations and to all of Sellers other properties, equipment, books, records, Contracts, and documents relating to the Stations for the purpose of audit and inspection and will furnish or cause to be furnished to Buyer or its authorized representatives all information of Sellers with respect to the affairs and business of the Stations that Buyer may reasonably request (including any financial reports and operations reports produced with respect to the affairs and business of the Stations), all at Buyer's expense. Without limiting the generality of the



foregoing, Sellers shall give Buyer and its counsel, accountants and other authorized representatives reasonable access to Sellers' financial records and Sellers' employees, counsel, accountants and other representatives for the purpose of preparing and auditing such financial statements as Buyer determines, in its judgment, are required or advisable to comply with federal or state securities laws and the rules and

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regulations of securities markets as a result of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

5.9 Maintenance of Assets. Sellers shall maintain all of the Assets in good working order and repair (ordinary wear and tear and casualty excepted), and use, operate, and maintain all of the Assets in good working order and repair. Sellers shall maintain inventories of spare parts at levels consistent with past practices. Subject to the provisions of Section 6.5, if any insured or indemnified loss, damage, impairment, confiscation, or condemnation of or to any of the Assets occurs, Sellers shall substantially repair, replace, or restore the Assets to their prior condition as represented in this Agreement as soon thereafter as possible (after receipt of the insurance or the indemnification proceeds), and Sellers shall use the proceeds of any claim under any property damage insurance policy or other recovery solely to repair or restore (or in Sellers' discretion, replace) any of the Assets that are lost, damaged, impaired, or destroyed.

5.10 Insurance. Sellers shall maintain comparable insurance coverage provided by the existing insurance policies on the Stations and the Assets.

5.11 Consents. Sellers shall obtain the Required Consents and shall use their best efforts to obtain the other Consents described on Schedule 3.3, without any material change in the terms or conditions of any material Contract that could reasonably be expected to be materially less advantageous to Buyer than those pertaining under such Contract as in effect on the date of this Agreement. Sellers shall promptly advise Buyer of any difficulties experienced in obtaining any of the Consents and of any conditions proposed, considered, or requested for any of the Consents, and shall deliver Buyer a copy of any written Consent that may be obtained by Sellers. Sellers shall have no obligation to bring or threaten legal action or to materially increase their obligations thereunder to obtain any of the Consents.

5.12 Book and Records. Sellers shall maintain their books and records relating to the Stations in accordance with past practices.

5.13 Notification. Sellers and Buyer shall promptly notify each other in writing of any material change in any of the information contained in their respective representations and warranties contained in Section 3 or 4 of this Agreement of which such party, as applicable, has actual knowledge, provided that such notification shall not relieve such party of any obligations hereunder.

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5.14 Financial Information. Sellers shall furnish Buyer with operating results of the Stations on a monthly basis and shall furnish to Buyer within twenty-one days after the end of each month ending between the date of this Agreement and the Closing Date a statement of income and expenses for the month just ended and such other financial information (including information on payables and receivables) as Buyer may reasonably request. In connection with any audit by Buyer of Sellers' financial records for the past three years, Sellers shall furnish Buyer with the report or other information prepared by Sellers' accountants with respect to the Financial Statements immediately upon Sellers' receipt of such report of other information and with such other financial information in their possession as Buyer may reasonably request. Within five days prior to the Effective Time, Sellers shall also furnish Buyer with unaudited combined financial statements of New Age and Seventies containing the balance sheet, statement of income and retained earnings and statement of cash flows of Sellers through the end of the most recent fiscal quarters of each of New Age and Seventies ended on or prior to 45 days prior to the Closing Date (the "Closing Unaudited Financial Statements").

5.15 Compliance with Laws. Sellers shall use their best efforts to comply in all material respects with all laws, rules, and regulations applicable or relating to the ownership and operation of the Stations, it being understood that at the Closing Sellers shall deliver to the Buyer title to the Assets, free and clear of any Liens; provided, however, that any tax returns which Sellers may be obligated to file as a result of or in connection with the transactions contemplated hereby may be filed by Sellers within ninety (90) days after the Closing.

5.16 Programming. Sellers shall not make any material changes in the Stations' programming policies, except such changes as in the good faith judgment of Sellers are required by the public interest or otherwise in the best interest of the Stations.

5.17 Preservation of Business. Sellers shall use their commercially reasonable efforts consistent with their past practices to preserve the business and organization of the Stations and to keep available to the Stations their present employees and to preserve the audience of the Stations and the Stations' present relationships with suppliers, advertisers, and others having business relations with them.

5.18 Collection of Accounts Receivable. Sellers shall collect the accounts receivable of the Stations only in the ordinary course consistent with their past practices.

5.19 Inconsistent Action. Sellers and Buyer shall not take any action that is inconsistent with their obligations under this Agreement in any material respect or that could reasonably be

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expected to materially hinder or delay the consummation of the transactions contemplated by this Agreement.

5.20 Trade Agreements. Sellers may enter into trade agreements for use by the Stations subject to Section 5.1; provided that trade agreements having an aggregate value of less than \$100,000 shall be deemed to be made by Sellers in the ordinary course of business.

5.21 Buyer Approvals. Buyer shall not unreasonably withhold, delay or condition any approval or consent requested by Sellers hereunder, provided, however, that Buyer shall not be obligated to incur any obligation it reasonably deems is material or agree to any material change in any Contract or License to be assumed hereunder; and provided, further, that any requirement of Buyer to pay a security deposit under one or more of the leases described on Schedule 3.5 shall not be deemed to be material. Buyer shall respond to each request for an approval or consent hereunder within five business days after such approval or consent has been received from Sellers in writing and if Buyer shall fail to respond in writing to such a request within such period, Buyer shall be deemed to have granted such approval or consent.

5.22 SBS and Raul Alarcon, Jr. ("Alarcon") agree, jointly and severally, that they will not, directly or indirectly, enter into an agreement ("Sale Agreement") with any Person whatsoever to sell all or substantially all of the assets of SBS or its Affiliates, or a majority of the radio stations owned or controlled by SBS or its Affiliates, or a majority of the capital stock of SBS. Upon any breach by SBS or Alarcon of this Section 5.22, then Sellers' sole remedy for such breach shall be governed by Section 9.4 hereof, and Sellers shall not have the right to terminate this Agreement solely as a consequence of the breach of this Section 5.22.

## SECTION 6 SPECIAL COVENANTS AND AGREEMENTS

### 6.1 FCC Consent.

(a) The assignment of the FCC Licenses in connection with the purchase and sale of the Assets pursuant to this Agreement shall be subject to the prior consent and approval of the FCC.

(b) Sellers and Buyer shall promptly prepare appropriate applications for the FCC Consent and shall file such applications with the FCC on or before the fifth business day after the date of this Agreement. The parties shall prosecute the applications with all reasonable diligence and otherwise use their reasonable commercial efforts to obtain a grant of the applications as expeditiously as practicable. Each party agrees to comply with any condition imposed on it by the FCC Consent, except that no party

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shall be required to comply with a condition if (1) the condition sought to be imposed on it is the result of a circumstance, the existence of which does not constitute a breach by such party of any of its representations, warranties, or covenants under this Agreement, and (2) compliance with such condition would have a material adverse effect upon it. Buyer and Sellers shall oppose any petitions to deny or other objections filed with respect to the application for the FCC Consent and any requests for reconsideration or judicial review of the FCC Consent. If the Closing shall not have occurred for any reason within the original effective period of the FCC Consent, and neither party shall have terminated this Agreement under Section 9, either party hereto may request an extension of the effective period of the FCC Consent and the other party hereto shall cooperate with such request. No extension of the FCC Consent shall limit the exercise by either party of its rights under Section 9. Sellers and Buyer are not aware of any condition which would materially adversely affect the parties' ability to obtain the FCC Consent.

6.2 HSR Filing. As soon as practicable after the execution hereof but in no event later than fifteen (15) business days after the execution hereof, Buyer and Sellers shall each make the filings required by the HSR act. Each party shall bear one-half (1/2) of all filing fees under the HSR Act. Each party will cooperate with the other in accomplishing such filings and will keep the other party apprised of the status of any inquiries made of such party by the Federal Trade Commission ("FTC"), the U.S. Department of Justice ("DOJ") or any other governmental agency with respect to this Agreement or the transaction contemplated hereby. The transfer of the Assets hereunder is expressly conditioned upon the waiting period relating to any such filings having duly expired or been terminated by the appropriate government agencies without the enforcement of any action by any such agencies to restrain or postpone the transactions contemplated hereby.

6.3 Control of the Stations. Prior to Closing, Buyer shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise, or direct, the operations of the Stations; such operations, including complete control and supervision of all of the Stations' programs, employees, and policies, shall be the sole responsibility of Sellers until the Closing.

6.4 Accounts Receivable.

(a) Collection. At the Closing, Sellers shall designate Buyer as their agent solely for the purposes of collecting the Accounts Receivable. Sellers shall deliver to Buyer on or as soon as practicable after the Closing Date a complete and detailed statement showing the name, amount and age of each Account Receivable. Buyer shall make reasonable efforts in accordance with Buyer's customary business practices to collect the Accounts

Receivable during the "Collection Period," which shall be the period beginning on the Closing Date and ending on the last day of the fifth full calendar month beginning after the Closing Date. Buyer shall not be obligated to use any efforts to collect any of the Accounts Receivable that are more extensive than the efforts that Buyer uses to collect its own accounts receivable. Buyer shall not refer any Accounts Receivable to a collection agency or attorney for collection, and Buyer shall not make any such referral or compromise, nor settle or adjust the amount of any of the Accounts Receivable, except with the approval of Sellers. During the Collection Period, upon delivery of prior written notice to the Buyer, Sellers shall be entitled to assume all collection efforts with respect to any of the Accounts Receivable which are in dispute or have not been paid within 90 days from their incurrence in its sole and absolute discretion. Collections by Buyer (or Sellers, if applicable) of the Stations' receivables shall be applied first to the oldest unpaid billing of an account debtor of any Station.

(b) Payments to Sellers. On or before the fifteenth day after the end of each full calendar month during the Collection Period, Buyer shall furnish to Sellers (i) a list of the amounts collected before the end of such month with respect to the Accounts Receivable, and (ii) the amount collected during such month with respect to the Accounts Receivable. On or before the fifteenth day after the end of the Collection Period, Buyer shall furnish Sellers with a list of all of the Accounts Receivable which remain uncollected at the end of the Collection Period.

(c) Further Obligations. After the expiration of the Collection Period, Buyer shall have no further obligation hereunder other than to make the payment under Section 6.4(b), and the agency relationship established pursuant to this Section 6.4 shall end.

#### 6.5 Risk of Loss.

(a) The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Assets from any cause whatsoever shall be borne by Sellers at all times prior to the Closing. For purposes of this Agreement, a Stations' transmission signal shall be deemed not operating in the normal and usual manner only if (i) with respect to radio station WRMA-FM, Ft. Lauderdale, Florida, such Station's transmission facilities operate at less than 20,000 watts ERP, (ii) with respect to radio station WXDJ-FM, Homestead, Florida, such Station's transmission facilities operate at less than 10,000 watts ERP, except during the period in which the new permanent directional antenna for such Station is being installed (which will permit such Station to broadcast at less than 10,000 watts ERP) and (iii) any event occurs which prevents a signal transmission by either Station in the normal and usual manner (as described in (i) and (ii) above) for a period of seven or more consecutive days after the date hereof. Sellers shall

promptly give Buyer notice of the occurrence of any event described in this Section 6.5(a), and Buyer shall have the right to terminate this Agreement upon the occurrence of the event described in Section 6.5(a)(iii) hereof. Buyer shall be required to notify Sellers in writing of Buyer's decision to terminate this Agreement pursuant to this Section 6.5(a) hereof within three days of receipt of Sellers' written notification of the event described in Section 6.5(a)(iii) hereof, or Buyer shall be deemed to have waived such termination right.

(b) If any damage or destruction of the Assets or any other event occurs which prevents in any material respect signal transmission by any Station in the normal and usual manner and Sellers are unable to restore or replace the Assets so that such conditions are cured and normal and usual transmission is resumed in all material respects before the Closing Date, the Closing Date shall be postponed, for a period of up to sixty days, to permit the repair or replacement of the damage or loss.

(c) In the event of any damage or destruction of the Assets described above, if such Assets have not been restored or replaced and such Station's normal and usual transmission resumed within the sixty day period specified above, Buyer may terminate this Agreement forthwith without any further obligation hereunder by written notice to Sellers; provided, however, that such written notice to be effective must be given by Buyer within five calendar days following the end of such sixty day period or Buyer shall have waived such termination rights. Alternatively, Buyer may, at its option, proceed to close this Agreement and complete the restoration and replacement of such damaged Assets after the Closing Date, in which event Sellers shall deliver to Buyer all insurance proceeds received in connection with such damage or destruction of the Assets; provided, however, that Sellers may retain the proceeds of any business interruption insurance with respect to periods prior to the Closing. Notwithstanding any of the foregoing, Sellers shall have no obligation to expend their own funds to restore any damage or destruction.

6.6 Confidentiality. Except as necessary for the consummation of the transactions contemplated by this Agreement, including Buyer's obtaining of financing related hereto, and except as and to the extent required by law, including, without limitation, disclosure requirements of federal or state securities laws and rules and regulations of securities markets, each party will keep confidential any information of a confidential nature obtained from the other parties in connection with the transactions contemplated by this Agreement. In the event that any party hereto desires to disclose any information concerning any other party to any third party who is not a representative of such party, such party shall inform the other party in advance of the reason for such disclosure, the information to be disclosed and the identities

of the recipients thereof. If this Agreement is terminated, each party will return to the other parties all information obtained by such party from the other parties in connection with the transactions contemplated by this Agreement. The provisions of this Section shall survive and continue in full force and effect following any termination of this Agreement.

#### 6.7 Cooperation.

(a) The parties hereto shall cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and the parties hereto shall execute such other documents as may be reasonably necessary and desirable to the implementation and consummation of this Agreement, and otherwise use their best efforts to consummate the transaction contemplated hereby and to fulfill their obligations under this Agreement.

(b) Buyer will exercise its best efforts to have Sellers released, to the extent reasonably possible, from further liability under the Assumed Contracts; provided that the release of Sellers from any Assumed Contract shall not be a condition of Sellers' or Buyer's obligations at Closing. Notwithstanding the foregoing, and except as otherwise expressly provided in this Agreement, Buyer shall have no obligation (i) to obtain the release of Sellers from any Assumed Contract or to expend funds to obtain any of the Consents and (ii) neither Buyer nor Sellers shall have any obligation to agree to any material adverse change in any License or Assumed Contract in order to obtain a Consent required with respect thereto or to obtain the release of Sellers from any Assumed Contract, and Sellers shall have no obligation to expend funds to obtain any of the Consents, except as may be required to cure any default by Sellers under any License or Assumed Contract. In the event Buyer is unable to successfully obtain a release of the Sellers from liability under any Assumed Contract, Buyer shall perform its obligations, and shall comply with all requirements, under the terms of each such Assumed Contract. Buyer shall indemnify and hold harmless Sellers from and against any claims, losses, damages or liabilities (including court costs and reasonable attorneys' fees incurred at both trial and appellate levels) as a result of any actual or alleged non-performance or non-compliance by the Buyer or any third party under any Assumed Contract. Buyer shall timely pay any deposits required under the terms of the Assumed Contracts.

(c) In the event that the parties are unable to obtain any Consent, the parties shall enter into such arrangements as are deemed reasonably necessary to provide Buyer (as Sellers' assignee), to the extent reasonably possible, with the benefits and



obligations of such Assumed Contract from and after the Closing Date.

6.8 Access to Books and Records. Sellers shall provide Buyer access and the right to copy for a period of three years from the Closing Date any books and records relating to the Assets but not included in the Assets. Buyer shall provide Sellers access and the right to copy for a period of five years from the Closing Date any books and records relating to the Assets that are included in the Assets.

6.9 Observation Rights. Sellers and their representatives shall have the right to observe any investigation of the Stations conducted by Buyer and shall with reasonable promptness receive copies of all reports and correspondence issued in connection therewith, which shall be subject to the confidentiality provisions contained herein.

6.10 Tower Consents. For a period of 45 days from the date hereof, Sellers shall use their best efforts to obtain promptly the approval by the owners of the radio broadcasting towers used by the Sellers in connection with the operations of the Stations (the "Tower Consents"). In the event the Sellers are unable to obtain the Tower Consents prior to the expiration of such 45-day period, Sellers shall promptly so notify Buyer and Buyer shall, within ten (10) days thereafter by written notice to the Sellers, either (i) terminate this Agreement and rescind the transaction contemplated hereby, in which case Sellers shall have no liability or obligation to Buyer under this Agreement, or, (ii) if Buyer shall fail to so terminate this Agreement, Buyer shall be deemed to have waived the requirement that Sellers obtain the Tower Consents and to have agreed to hold Sellers harmless from and against any claims resulting from the failure to obtain the Tower Consents. Buyer shall, if applicable, execute all such instruments and agreements reasonably required to effectuate the intent of subsection (ii) of this Section 6.10.

## SECTION 7 CONDITIONS TO OBLIGATIONS OF BUYER AND SELLERS AT CLOSING

7.1 Conditions to Obligations of Buyer. All obligations of Buyer at the Closing are subject at the option of Buyer to the fulfillment prior to or at the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Sellers contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time, but only to the extent that the failure to be so would prevent the transfer to Buyer of good

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and valid title in and to the FCC Licenses pursuant to this Agreement.

(b) Covenants and Conditions. Sellers shall have performed and



complied in all material respects with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date, but only to the extent that the failure to so perform and comply would prevent the transfer to Buyer of good and valid title in and to the FCC Licenses and all material assets necessary to operate the Stations pursuant to this Agreement.

(c) FCC Consent. The FCC Consent shall have been granted without the imposition on Buyer of any conditions that need not be complied with by the Buyer under Section 6.1 hereof and Sellers shall have complied with any conditions imposed on them by the FCC Consent.

(d) HSR Act. The waiting period under the HSR Act shall have expired or been terminated without unresolved action by the Department of Justice ("DOJ") or the Federal Trade Commission ("FTC") to prevent the Closing.

(e) Minimum Purchase Price. The Purchase Price shall not have been reduced to below \$104,210,500 as a result of the adjustment provided by Section 2.3(c) hereof.

7.2 Conditions to Obligations of Sellers. All obligations of Sellers at the Closing are subject at Sellers' option to the fulfillment prior to or at the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Buyer shall have paid the Purchase Price and performed and complied in all material respects with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) FCC Consent. The FCC Consent shall have been granted without the imposition on Sellers of any conditions that need not be complied with by Sellers under Section 6.1 hereof and Buyer shall have complied with any conditions imposed on it by the FCC Consent.

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(d) HSR Act. The waiting period under the HSR Act thereunder shall have expired or been terminated without unresolved action by the DOJ or FTC to prevent the Closing.

(e) Minimum Purchase Price. The Purchase Price shall not have been reduced to below \$104,210,500 as a result of the adjustment provided by Section 2.3(c) hereof.

(f) Employment Agreement. Buyer shall have executed the Employment Agreement between Buyer and Russell A. Oasis in the form attached hereto as Exhibit A.

## SECTION 8 CLOSING AND CLOSING DELIVERIES

### 8.1 Closing.

(a) Closing Date. Subject to the satisfaction or, to the extent permissible by law, waiver (by the party for whose benefit the closing condition is imposed) on the date scheduled for Closing of the closing conditions described in Section 7 hereof, the Closing shall take place at 12:01 p.m., Miami, Florida time, on a date not later than fifteen days following the date on which the FCC Consent has become a Final Order, which date of Closing shall be specified by Buyer to Sellers on not less than ten nor more than twelve days written notice to Sellers, or, if Buyer shall have waived the condition precedent of a Final Order on the date specified by Buyer to Sellers, on not less than ten nor more than twelve days written notice, following the later of the effective date of the FCC Consent or the waiver by Buyer of such condition precedent (or, if either such date is a Saturday, Sunday or federal holiday, on the next business day thereafter) or on such other date as may be set by mutual agreement of Buyer and Sellers; provided that if the Closing as determined hereunder would occur prior to January 1, 1997, Sellers may in their sole and absolute discretion extend the Closing to a date prior to February 28, 1997; and provided, further, that, in the event that the wire transfer of the Purchase Price is received by each of the Sellers later than 2:00 p.m., Miami, Florida time on the Closing Date, then Sellers shall be entitled to interest on the Purchase Price from the Closing Date to the next business day following the Closing Date at a rate equal to the prime rate as publicly announced on the Closing Date by Citibank N.A. as its prime rate. Notwithstanding the foregoing, if on the date otherwise scheduled for Closing pursuant to the preceding sentence, the conditions have not been satisfied, the party for whose benefit such conditions have been imposed may elect to postpone the Closing, and the Closing shall thereafter take place on a date specified by written notice from such party, which date shall be not less than five days nor more than ten days after the satisfaction or waiver of such conditions precedent (but not later than June 30, 1997). The Closing shall take place at the

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offices of Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida.

8.2 Deliveries by Sellers. Prior to or on the Closing Date, Sellers shall deliver to Buyer the following, in form and substance reasonably satisfactory to Buyer:

(a) Transfer Documents. Duly executed warranty bills of sale, motor vehicle titles, assignments, and other transfer documents which shall be

sufficient to vest good and marketable title to the Assets in the name of Buyer, free and clear of any Liens other than Permitted Liens;

(b) Officer's Certificate. A certificate, dated as of the Closing Date, executed by an executive officer of Sellers on behalf of Sellers, certifying (1) that the representations and warranties of Sellers contained in this Agreement are true and complete in all material respects as of the Closing Date as though made on and as of that date; and (2) that Sellers have in all material respects performed and complied with all of their obligations, covenants, and agreements set forth in this Agreement to be performed and complied with on or prior to the Closing Date;

(c) Opinion of Counsel. Opinion of Sellers' counsel dated as of the Closing Date, in substantially the form attached hereto as Exhibit B;

(d) Corporate Documents. (i) Resolutions of Sellers' shareholders and Board of Directors authorizing the execution, delivery and performance of the transactions contemplated hereby certified by Sellers' secretary and (ii) the certificates of incorporation and good standing certificates of Sellers certified by the Secretary of State of Florida as of a date no earlier than thirty days prior to the Closing Date; and

(e) Financial Statements. The Closing Unaudited Financial Statements required by Section 5.14 hereof.

(f) Non-competition Agreements. Non-competition Agreements, substantially in the form attached hereto as Exhibit C, duly executed by each of Russell A. Oasis and Alan Potamkin in favor of the Buyer.

8.3 Deliveries by Buyer. Prior to or on the Closing Date, Buyer shall deliver to Sellers the following, in form and substance reasonably satisfactory to Sellers:

(a) Purchase Price. The Purchase Price as provided in Section 2.3(a);

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(b) Assumption Agreements. Duly executed assumption agreements pursuant to which Buyer shall assume and undertake to perform Sellers' obligations under the Licenses and Assumed Contracts arising on or after the Closing Date;

(c) Officer's Certificate. A certificate, dated as of the Closing Date, executed by an executive officer of Buyer certifying (1) that the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects as of the Closing Date as though made on and as of that date, and (2) that Buyer has in all material respects performed and complied with all of its obligations, covenants, and agreements set forth

in this Agreement to be performed and complied with on or prior to the Closing Date;

(d) Opinion of Counsel. An opinion of Buyer's counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit D;

(e) Corporate Documents. (i) Resolutions of Buyer's Board of Directors authorizing the execution, delivery and performance of the transactions contemplated hereby certified by Buyer's secretary and (ii) the certificate of incorporation and a good standing certificate of Buyer certified by the Secretary of State of Delaware as of a date no earlier than thirty days prior to the Closing Date.

## SECTION 9            TERMINATION

9.1 Termination by Sellers. This Agreement may be terminated by Sellers without prejudice to its rights hereunder and the purchase and sale of the Stations abandoned, if Sellers are not then in material default, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Conditions. If on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Sellers set forth in this Agreement have not been satisfied in all material respects or waived in writing by Sellers.

(b) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order that would prevent or make unlawful the Closing.

(c) Upset Date. If the Closing shall not have occurred by June 30, 1997.

9.2 Termination by Buyer. This Agreement may be terminated by Buyer and the purchase and sale of the Stations abandoned, if

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Buyer is not then in material default, upon written notice to Sellers, upon the occurrence of any of the following:

(a) Conditions. If on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Buyer set forth in this Agreement have not been satisfied in all material respects or waived in writing by Buyer (or otherwise waived pursuant to the terms of this Agreement).

(b) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order that would prevent or make unlawful the Closing.

(c) Upset Date. If the Closing shall not have occurred by June 30, 1997.

(d) Interruption of Service. If Buyer exercises its right to terminate as set forth in Section 6.5(a) (iii).

9.3 Letter of Credit. Simultaneously with the execution and delivery of this Agreement, Buyer has delivered to Sellers a letter of credit in the principal amount of ten million dollars (\$10,000,000) (the "Letter of Credit") for purposes of securing all or a portion of Buyer's obligations under the terms of this Agreement. The parties acknowledge and understand that the terms of the Letter of Credit shall provide that in the event of a default under this Agreement by the Buyer which would allow Seller to terminate this Agreement, the full face amount of the Letter of Credit, or ten million dollars (\$10,000,000) (the "Face Amount"), shall be drawn by the Sellers upon presentment to the bank of an affidavit signed by at least two of the Designated Officers or their respective personal representatives or executors attesting under oath to such default by the Buyer. Each of Alan Potamkin, Russell Oasis and Robert Potamkin shall individually indemnify and hold harmless Buyer from and against any amount drawn on the Letter of Credit, plus any interest paid by Buyer on such amount, in the event it is determined in accordance with Section 11.2 of this Agreement that Sellers presentment of the Letter of Credit was wrongful.

9.4 Rights on Termination. If this Agreement is terminated by Sellers in the event of a default of this Agreement by Buyer that would permit Sellers to terminate this Agreement and if Buyer has not breached Section 5.22 of this Agreement, then the payment of \$10,000,000 to Sellers pursuant to the Letter of Credit shall be deemed to be liquidated damages and shall constitute full payment and the exclusive remedy for any damages suffered by Sellers due to such breach of this Agreement by Buyer, except as provided below. Sellers and Buyer agree in advance that actual damages are difficult to ascertain and that the payment of \$10,000,000 pursuant to the Letter of Credit would be a fair and equitable payment upon

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a default of this Agreement by Buyer that would permit Sellers to terminate this Agreement, if Buyer has not breached Section 5.22 hereof. In the event that Buyer breaches the provisions of Section 5.22 and fails to close the transaction contemplated by this Agreement for any reason other than as a result of a breach by Sellers of the provisions of this Agreement that would permit Buyer to terminate this Agreement pursuant to Section 9.2, then in addition to the \$10,000,000 payment to Sellers pursuant to the Letter of Credit, Buyer shall be required to pay Sellers an additional \$20,000,000 (the "Additional Payment"), or a total of \$30,000,000 including the Letter of Credit (together, the "Liquidated Payment") upon written demand of Sellers, (together with interest at the highest rate permitted by Florida law commencing three business days following receipt by Buyer of such written demand and until paid).

The Liquidated Payment shall be deemed to be liquidated damages and shall constitute full payment for the damages suffered by Sellers due to such breach of this Agreement by Buyer, including a breach of Section 5.22 hereof. Sellers and Buyer agree in advance that actual damages are difficult to ascertain and that the Liquidated Payment is fair and equitable, to reimburse Sellers for damages sustained due to such breach of this Agreement by Buyer, including the breach of Section 5.22 hereof, particularly because the consummation of any transaction contemplated by said Section 5.22 would likely eliminate all viable competing interests to acquire the Stations, thereby significantly diminishing the value of the Stations. If Buyer enters into a Sale Agreement within 6 months of a termination of this Agreement, and Sellers shall not have been in breach of this Agreement at the time the Agreement was terminated, which breach would have permitted Buyer to terminate this Agreement pursuant to Section 9.2 hereof, such Sale Agreement will be deemed for purposes of this Agreement to have been entered into as of a period of time 6 months prior to the execution thereof and Sellers will be entitled to the Liquidated Payment as provided above. If this Agreement is terminated by Buyer due to Sellers' breach of any provision of this Agreement, the amount of damages which Buyer shall be entitled to recover against Sellers in the event that Sellers fail to consummate the transactions contemplated hereunder shall be limited as set forth in Section 10.5(c) hereof.

9.5 Specific Performance. The parties recognize that if, prior to Closing, Sellers breach this Agreement and refuse to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement prior to Closing. If any action is brought by Buyer to specifically perform this Agreement prior to Closing, Sellers shall waive the defense that there is an adequate remedy at law. Following the Closing, Buyer shall be entitled, in addition to any other remedies that may be available, to seek

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specific performance of the terms of this Agreement if such remedy is available at equity. If Buyer obtains specific performance of Sellers' agreement to sell the Stations to Buyer, Sellers shall not be liable to Buyer for money damages as a result of Sellers' breach of their agreement to sell the Stations, but Sellers shall nevertheless continue to be required to indemnify Buyer under Section 10 of this Agreement. Notwithstanding anything to the contrary, in no event shall Buyer be entitled to acquire by specific performance or otherwise a single station constituting the Stations.

9.6 Procedure to Obtain Injunction upon Termination. Upon termination by Sellers of this Agreement, in the event Buyer desires to obtain an injunction (an "Injunction") prohibiting the sale of the Stations by the Sellers to a third party, Buyer shall be required to commence a legal

proceeding seeking such Injunction (a "Legal Proceeding") within 20 days following such termination in a court of competent jurisdiction in Dade county, Florida (the "Court"). Prior to or contemporaneous with the commencement of any Legal Proceeding by Buyer seeking an Injunction, Buyer shall either (i) post with the Court a bond issued by a A+Best rated insurance company licensed to do business in Florida in the amount of \$110,000,000 or (ii) deposit \$110,000,000 in cash with the Registry of the Court. In the event that Buyer does not obtain an Injunction issued by the Court which enjoins the sale of the Stations within 30 days following the commencement of the Legal Proceeding, Sellers shall be permitted to enter into a transaction or a series of transactions with a third party involving a sale of the Sellers, the Stations or the Assets.

Upon termination by Buyer of this Agreement, then Buyer must tender the Purchase Price to the Court in the Legal Proceeding to be able to obtain an Injunction if Buyer is otherwise permitted to obtain such Injunction.

9.7 Buyer Covenants on Termination. If this Agreement is terminated without a Closing for any reason, Buyer shall not, and Buyer shall ensure that no Affiliate of Buyer shall, for a period of two years after termination, directly or indirectly hire any employee of either of the Stations that is employed at any time from the date hereof or induce any such employee to leave employment with either of the Stations.

SECTION 10 SURVIVAL OF REPRESENTATIONS AND WARRANTIES;  
INDEMNIFICATION; CERTAIN REMEDIES

10.1 Representations and Warranties. All representations and warranties contained in this Agreement shall survive the Closing Date for a period of eighteen months.

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10.2 Indemnification by Sellers. After the Closing, Sellers hereby agree to indemnify and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) Any and all losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Sellers contained in this Agreement or in any certificate, document, or instrument delivered to Buyer under this Agreement which by its express terms survives the Closing.

(b) Any and all obligations of Sellers not assumed by Buyer pursuant to this Agreement, including, without limitation, any liabilities arising at any time under any Contract not included in the Assumed Contracts.



(c) Any and all losses, liabilities, or damages resulting from the operation or ownership of the Stations prior to the Closing, including any liabilities arising under the Licenses or the Assumed Contracts which relate to events occurring prior the Closing Date.

(d) Any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment, incident to the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.3 Indemnification by Buyer. After the Closing, Buyer hereby agrees to indemnify and hold Sellers harmless against and with respect to, and shall reimburse Sellers for:

(a) Any and all losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Buyer contained in this Agreement or in any certificate, document, or instrument delivered to Sellers under this Agreement which by its express terms survives the Closing.

(b) Any and all obligations of Sellers assumed by Buyer pursuant to this Agreement.

(c) Any and all losses, liabilities, or damages resulting from the operation or ownership of the Stations on and after the Closing.

(d) Any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment, incident to the foregoing or incurred in investigating or attempt-

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ing to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.4 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall promptly give notice to the party from which indemnification is claimed (the "Indemnifying Party") of any claim, whether between the parties or brought by a third party, specifying in reasonable detail the factual basis for the claim. If the claim relates to an action, suit, or proceeding filed by a third party against Claimant, such notice shall be given by Claimant within ten business days after written notice of such action, suit, or proceeding was given to Claimant.



(b) With respect to claims solely between the parties, following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of the thirty-day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim and the Indemnifying Party shall have no further obligation with respect thereto. If the Claimant and the Indemnifying Party do not agree within the thirty-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy at law or equity or under the arbitration provisions of this Agreement, as applicable.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification under this Agreement, the Claimant shall have the right at its own expense, to participate in or assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnifying Party. If the Indemnifying Party elects to assume control of the defense of any third-party claim, it shall do so at its own expense and the Claimant shall have the right to participate in the defense of such claim at its own expense. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any third party claim, it shall be bound by the results obtained in good faith by the Claimant with respect to such claim; provided, however, that the Claimant shall not agree to any settlement with respect to any claim requiring payment or other consideration in

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excess of \$10,000 without giving the Indemnifying Party at least five business days' prior written notice.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

(e) The Indemnification rights provided in Sections 10.2, 10.3 and 10.4 shall extend to the shareholders, partners, directors, officers, employees, representatives and successors of any Claimant although for the purpose of the procedures set forth in this Section 10.4, any indemnification claims by such parties shall be made by and through the Claimant, to the extent reasonably possible. Claims of such Persons shall be deemed claims solely between the parties and not third party claims.

10.5 Certain Limitations. Notwithstanding anything in this Agreement to the contrary,

(a) Sellers shall not indemnify or otherwise be liable for any breach of a representation or warranty, or for the breach of any covenant contained in this Agreement, except to the extent the losses, obligations, liabilities, costs and expenses arising therefrom exceed in the aggregate \$25,000;

(b) Buyer shall not indemnify or otherwise be liable for any breach of a representation or warranty of for the breach of any covenant contained in this Agreement, except to the extent the losses, obligations, liabilities, costs and expenses arising therefrom exceed in the aggregate \$25,000;

(c) Sellers shall not indemnify or otherwise be liable with respect to any claim for any breach of a representation or warranty, for the breach of any covenant in this Agreement or for any other reason unless notice of the claim is given within eighteen months after the Closing Date and, provided further, that Sellers' liability hereunder shall be limited to three million dollars (\$3,000,000) in the aggregate for all claims.

10.6 Attorneys' Fees. In the event of a default by either party which results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses (whether incurred in arbitration, at trial or an appeal).

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## SECTION 11 MISCELLANEOUS

11.1 Fees and Expenses. Sellers and Buyer shall each pay one-half of any filing fees, transfer taxes, sales taxes, or other similar charges levied by any governmental entity, in connection with the sale transactions contemplated by this Agreement. Buyer and Sellers shall each pay one-half of (i) the fees payable to the FCC in connection with the filing of the applications for the FCC Consent and (ii) the fee imposed by the FTC made pursuant to the HSR Act. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents and representatives, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar person retained by or on behalf of such party. Sellers shall not pay any fees or expenses relating to the financing by Buyer of the transactions contemplated hereby.

11.2 Arbitration. Except as provided in Section 2.3(d)(4) hereof, any dispute arising out of or related to this Agreement that Sellers and Buyer are unable to resolve by themselves shall be settled by arbitration in the State of Florida, by a panel of three arbitrators. Sellers as a group and Buyer shall each designate one arbitrator, and the two arbitrators so designated shall

select the third arbitrator. Before undertaking to resolve the dispute, each arbitrator shall be duly sworn faithfully and fairly to hear and examine the matters in controversy and to make a just award according to the best of his or her understanding in accordance with the terms of this Agreement. The arbitration hearing shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association. The written decision of a majority of the arbitrators shall be final and binding on Sellers and Buyer. The costs and expenses of the arbitration proceeding shall be assessed among the parties hereto in a manner to be decided by a majority of the arbitrators, and the assessment shall be set forth in the decision and award of the arbitrators. Judgment on the award, if it is not paid within thirty days, may be entered in any court having jurisdiction over the matter as set forth in Section 11.3.

11.3 Submission to Jurisdiction; Venue. The parties hereto hereby irrevocably consent that any suit, legal action or proceeding against any party or its property with respect to this Agreement must be brought in any court (whether state or federal) located in Dade County, Florida, as the party filing the action elects, and, by execution and delivery of this Agreement, each of the parties hereto hereby irrevocably submits to and accepts the jurisdiction of the aforesaid courts. The parties hereby irrevocably waive any objection they may now or hereafter have to the laying of venue of any suit, legal action or proceeding relating to

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this Agreement in any court located in Dade County, Florida and hereby further irrevocably waive any claim that a court located in Dade County, Florida is not a convenient forum for any such suit, legal action or proceeding.

11.4 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be (a) in writing, (b) delivered by personal delivery, or sent by commercial delivery service or registered or certified mail, return receipt requested, (c) deemed to have been given on the date of personal delivery or the date set forth in the records of the delivery service or on the return receipt, and (d) addressed as follows:

If to Sellers: NEW AGE BROADCASTING, INC.  
3191 Coral Way, Suite 805  
Miami, Florida 33145

Attention: Russ Oasis, President

THE SEVENTIES BROADCASTING CORPORATION  
3191 Coral Way, Suite 805  
Miami, Florida 33145  
Attention: Russ Oasis, President

With copies to: Cesar L. Alvarez, Esq.  
Greenberg, Traurig, Hoffman,  
Lipoff, Rosen & Quentel, P.A.  
1221 Brickell Avenue  
Miami, Florida 33131

Alan H. Potamkin  
4675 S.W. 74th Street  
Miami, Florida 33143

Robert Potamkin  
130 Spruce Street  
Suite O-B  
Philadelphia, Pennsylvania 19106

Russell Oasis  
4840 S.W. 80th Street  
Miami, Florida 33143

If to Buyer: Spanish Broadcasting System, Inc.  
26 West 56 Street  
New York, New York  
Attn: Raul Alarcon, President

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With a copy to: Jason L. Shrinsky, Esq.  
Kaye, Scholer, Fierman,  
Hays & Handler, LLP  
901 Fifteenth Street, N.W.  
Washington, D.C. 20005-2327

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 11.3.

11.5 Benefit and Binding Effect. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interest or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party. This Agreement is not intended to, and shall not, confer upon any other person except the parties hereto any rights or remedies hereunder.

11.6 Further Assurances; Reasonable Consent. The parties shall take any actions and execute any other documents that may reasonably be necessary or desirable to the implementation and consummation of this Agreement, including,

in the case of Sellers, any additional bills of sale, or other transfer documents that, in the reasonable opinion of Buyer, may be necessary to ensure, complete, and evidence the full and effective transfer of the Assets to Buyer pursuant to this Agreement. When its consent under this Agreement is requested, each party agrees to respond promptly and reasonably to the request.

11.7 Governing Law. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

11.8 Headings. The headings in this Agreement are included for ease of reference only and shall not control or affect the meaning or construction of the provisions of this Agreement.

11.9 Gender and Number. Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender, masculine, feminine or neuter, and any other number, singular or plural, as the context requires.

11.10 Entire Agreement. This Agreement, the schedules hereto, and all documents, certificates, and other documents to be delivered by the parties pursuant hereto, collectively represent the entire understanding and agreement among the parties hereto with respect to the subject matter hereof. This Agreement supersedes all prior negotiations, agreements and understandings between

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the parties and cannot be amended, supplemented or changed or any of its terms waived except by an agreement in writing that makes specific reference to this Agreement and which is signed (in the case of Sellers by the Designated Officers) by the party against which enforcement of any such amendment, supplement, or modification is sought.

11.11 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in Section 11.10 and in this Section 11.11.

11.12 Counterparts. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

11.13 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

11.14 Press Releases. No press releases or other public announcements concerning this Agreement shall be made by any party hereto without the prior written consent of the other party unless the first such party is legally compelled to do so, including, because of disclosure requirements of federal or state securities laws or rules and regulations of securities markets, in which case such party shall be obligated to consult with the other party concerning the content of such announcement and the reasons therefor.

11.15 Sellers' Knowledge. Whenever a representation, warranty or covenant contained herein is qualified by the phrase "to Sellers' knowledge" or other similar phrase, such representation, warranty or covenant is made based on the actual knowledge of the officers of Sellers.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have duly executed this Asset Purchase Agreement as of the day and year first above written.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Raul Alarcon, Jr.

-----  
Raul Alarcon, Jr.  
President

/s/ Raul Alarcon Jr.

-----  
Raul Alarcon, Jr.  
(as to Section 5.22 hereof only)

NEW AGE BROADCASTING, INC.

By: /s/ Russell A. Oasis

-----  
Russell A. Oasis  
President

THE SEVENTIES BROADCASTING CORPORATION

By: /s/ Russell A. Oasis

-----  
Russell A. Oasis  
President

THE FOLLOWING PERSONS ARE SIGNATORIES TO THIS AGREEMENT WITH RESPECT ONLY TO SECTION 9.3 HEREOF:

/s/ Alan Potamkin

-----  
Alan Potamkin

/s/ Russell Oasis

-----  
Russ Oasis

/s/ Robert Potamkin

-----  
Robert Potamkin

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EX 2.3(c)

<TABLE>  
<CAPTION>

COMBINED STATEMENT OF CASH FLOW

12 MONTHS ENDING AUGUST 31, 1996

<S>	<C>	<C>	<C>
NET INCOME PER STATEMENTS			\$5,769,722
ADD:	DEPRECIATION	\$ 323,761	
	AMORTIZATION	786,635	
	INTEREST	2,197,383	
	OFFICER'S SALARY	272,918	
	OFFICER'S HEALTH INS.	3,660	
	TRADE EXPENSES	245,892	

NAT'L REP COMM.	13,197	
LEGAL RE: TAK	158,963	
LEGAL RE: CITY OF LIC.	13,204	
LEGAL RE: PAXSON	63,805	
LEGAL RE: OTHER ACQ.	684	
ENG. RE: CITY OF LIC.	9,312	
ENG. RE: AUX. SITE	4,218	
TRAVEL RE: TAK	10,628	
TRAVEL RE: ACQUIS.	2,397	
WRMA-FM TOWER	48,220	4,154,877
	-----	

LESS:	NAT'L REP COMM.	\$ 60,367	
	TRADE INCOME	180,116	
	INTEREST INCOME	48,138	(288,621)
		-----	-----
NET CASH FLOW COMBINED			\$9,635,978

</TABLE>



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ASSET PURCHASE AGREEMENT

for the sale of radio station

WYSY, Aurora, Illinois

from

Infinity Holdings Corp. of Orlando

to

Spanish Broadcasting System, Inc.

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Dated as of August 22, 1996

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), made as of the 22nd day of August 1996, is between Infinity Holdings Corp. of Orlando, a Delaware corporation ("Seller"), and Spanish Broadcasting System, Inc., a Delaware corporation ("Buyer").

Seller is a wholly-owned subsidiary of Infinity Broadcasting Corporation, a Delaware corporation ("Infinity"). Seller is in the process of acquiring radio station WYSY-FM, 107.9 MHz, Aurora, Illinois (the "Station"), along with radio station WCKG(FM), Chicago, Illinois, from Cox Broadcasting, Inc. and WCKG, Inc. pursuant to an Asset Exchange Agreement dated as of June 26, 1996 (the "Cox Agreement").

Infinity has entered into an Agreement and Plan of Merger dated as of June 20, 1996 (the "Merger Agreement"), pursuant to which Infinity will become a wholly owned subsidiary of Westinghouse Electric Corporation, a Pennsylvania corporation ("Westinghouse"). Under the Communications Act of 1934, as amended (the "Act"), Westinghouse may not own more than five FM radio stations in the Chicago market. Infinity and Westinghouse, through subsidiaries, each is currently the licensee of two FM radio stations in the Chicago market. Infinity, through the Cox Agreement, is in the process of acquiring two more FM stations. But for the divestiture of one FM radio station, Westinghouse, after the merger with Infinity (the "Merger"), and consummation of the asset exchange under the Cox Agreement, would be directly or indirectly the licensee of six FM radio stations in the Chicago market, one in excess of the maximum number permitted by the Act.

To ensure compliance with the Act, Infinity and Westinghouse have committed to the Federal Communications Commission (the "FCC") to divest one of their FM radio stations in the Chicago market prior to consummation of the Merger.

Buyer has expressed an interest in acquiring certain assets used in the operation of the Station, including its FCC Licenses (as defined below), and other assets currently held by Infinity Broadcasting Corporation of Illinois, a

Delaware corporation ("Infinity-Illinois") and a wholly owned subsidiary of Infinity. Infinity has agreed to sell the Station Assets (as defined below) to Buyer, subject to consummation of the asset exchange pursuant to the Cox Agreement and the Merger pursuant to the Merger Agreement.

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Therefore, the parties agree as follows:

ARTICLE I  
ASSETS TO BE CONVEYED

1.1. CLOSING. Subject to SECTION 12.1 (Termination Rights), the closing (the "Closing") of the sale and purchase of the Station Assets, as defined below, shall take place in the offices of Leventhal, Senter & Lerman, 2000 K Street, N.W., Washington, D.C., at 10:00 a.m., local time, on the last to occur of the following: (a) the day on which the Merger is being consummated; (b) the day on which the asset exchange pursuant to the Cox Agreement is being consummated; and (c) the fifth (5th) business day following the FCC's grant of the FCC Application, or at such other place, time or date as Buyer and Seller may agree in writing.

1.2. TRANSFER OF ASSETS. At the Closing, Seller shall sell, assign, transfer and convey, or cause Infinity-Illinois to sell, assign, transfer and convey, to Buyer, and Buyer shall purchase from Seller and Infinity-Illinois, the following assets (the "Station Assets"):

(a) all of Seller's rights in and to the FCC licenses, permits and other authorizations, including any temporary waiver or special temporary authorization, issued to or held by Seller exclusively in connection with the conduct of the business and operation of the Station, including any pending applications therefor, as set forth in SCHEDULE 1.2(a) (the "FCC Licenses").

(b) all of Seller's right, title and interest in the equipment, spare parts and other tangible personal property located at the Station's transmitter and used or held for use exclusively in the operation of the Station (the "Transmitter Site Equipment");

(c) all of Seller's right, title and interest in the equipment, spare parts and other tangible personal property located at 620 Eola Road, Aurora, Illinois, and used in the operation of the Station (the "Main Studio Equipment");

(d) all of Infinity-Illinois's right, title and interest in the equipment, spare parts, furniture and other physical property located at 180 N. Michigan Avenue, Chicago, Illinois, and used or held for use exclusively in the operation of FM radio station WJMK, Chicago, Illinois (the "WJMK Studio

Equipment," and together with the Transmitter Site Equipment and the Main Studio Equipment, the "Personal Property");

(e) all of Seller's rights under and interest in, to the extent assignable, the lease contained in SCHEDULE 1.2(e) (the "Main Studio and Transmitter Site Leases");

(f) all of Infinity-Illinois's rights under and interest in, to the extent assignable, the lease for office space at 180 N. Michigan Avenue, Chicago, Illinois, contained in SCHEDULE 1.2(f) (the "Office Space Lease," and together with the Main Studio and Transmitter Site Leases, the "Assumed Contracts"); and

(g) the Station's public inspection file, filings with the FCC related to the Station, executed copies of all written Assumed Contracts, and such technical information, engineering data, rights under manufacturers' warranties as exist at Closing and relate exclusively to the Personal Property being conveyed hereunder.

The Station Assets shall be delivered without any representation or warranty by Seller except as expressly set forth in this Agreement, and Buyer acknowledges that it has not relied on or been induced to enter into this Agreement by any representation or warranty other than those expressly set forth in ARTICLE 5 hereof. The Station Assets shall be conveyed to Buyer free and clear of all Liens, except as otherwise expressly provided in this Agreement.

1.3. EXCLUDED ASSETS. Except as set forth in SECTION 1.2, the Station Assets shall not include any properties, assets, privileges, rights, interests and claims, real and personal, tangible and intangible, of every type and description, wherever located, of Seller, Infinity-Illinois, Infinity, Westinghouse or any of their affiliates.

## ARTICLE 2 PURCHASE PRICE

### 2.1. PURCHASE PRICE.

(a) The purchase price ("Purchase Price") for the Station Assets shall be \$33,000,000.

(b) The parties stipulate that the Purchase Price is not based upon the ratings or financial performance of the Station, because Buyer

is neither purchasing the Station as a going concern nor acquiring any goodwill or intellectual property of the Station. Therefore, the Seller makes no representation or warranty as to the Station's ratings or cash flow from the date of this Agreement to and after the Closing, and Buyer's obligations under this Agreement are not conditioned in any way on the Station's financial performance between the date of this Agreement and the Closing.

2.2. PAYMENT OF PURCHASE PRICE. Buyer shall pay the Purchase Price as follows:

(a) On the Closing Date, Buyer shall pay \$30,000,000 by wire transfer prior to 3:00 p.m., Washington, D.C. time, of immediately available federal funds to an account at a bank or financial institution pursuant to wire instructions that Seller shall deliver to Buyer at least one (1) business day prior to the Closing Date.

(b) On the Closing Date, Buyer shall execute and deliver to Seller a promissory note with a principal amount of \$3,000,000 and otherwise in a form reasonably acceptable to Seller and containing the provisions set forth in Exhibit A (the "Promissory Note").

2.3. ALLOCATION. If Buyer and Seller are unable to agree between the date hereof and the Closing on an allocation of the Purchase Price for income tax purposes, Buyer shall arrange for an appraisal of the value of the tangible assets included in the Station Assets. Any such appraisal shall be completed within one hundred eighty (180) days after the Closing, and, based upon such appraisal, if prepared, Buyer shall prepare an initial draft of IRS Form 8594. Buyer shall forward such form to Seller for its approval. If the parties reach an agreement on the contents of IRS Form 8594, Buyer and Seller shall each file the IRS Form 8594 finally agreed upon by the parties with their respective federal income tax return for the tax year in which the Closing occurs.

### ARTICLE 3 ASSUMPTION OF OBLIGATIONS

3.1. ASSUMPTION OF OBLIGATIONS. At the Closing, Buyer shall assume and undertake to pay, satisfy or discharge (a) all liabilities, obligations and

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commitments of Seller or Infinity-Illinois under the Assumed Contracts, arising or accruing after 12:01 a.m., Chicago time, on the Closing Date (the "Effective Time"), and (b) all liabilities, obligations and commitments arising from or relating to the ownership of the Station Assets after the Effective Time.

3.2. LIMITATION. Except as set forth in this SECTION 3.1, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Seller or Infinity-Illinois of any

nature whatsoever.

ARTICLE 4  
PRORATIONS

All expenses arising from the operation of the Station Assets prior to Closing shall be paid by Seller. All expenses arising from the operation of the Station Assets after Closing shall be paid by Buyer. Any real estate taxes shall be apportioned on the basis of the number of days that each party owned such real property during the relevant tax year.

ARTICLE 5  
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

5.1. ORGANIZATION AND STANDING. Seller is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to own, lease and operate and to carry on the business of the Station.

5.2. AUTHORIZATION AND BINDING OBLIGATION. Seller has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Seller's execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Seller and constitutes its valid and binding obligation enforceable against Seller in accordance with its terms.

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5.3. ABSENCE OF CONFLICTING AGREEMENTS OR REQUIRED CONSENTS. Except as set forth in ARTICLE 7 and in Schedule 5.3 hereto, the execution, delivery and performance of this Agreement by Seller: (a) do not and will not violate any provisions of Seller's organizational documents; (b) do not and will not require the consent or approval of or any filing with any third party or governmental authority; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination or acceleration of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, lease, instrument, license or permit to which Seller is now subject.

5.4. FCC AUTHORIZATIONS.

(a) Schedule 1.2(a) contains a true and complete list of the FCC Licenses, and there are no other licenses, permits or other authorizations from the FCC required for the lawful conduct of the business and operation of



the Station in the manner now conducted. The FCC Licenses are in full force and effect. All required FCC regulatory fees with respect to the FCC Licenses have been paid. The FCC licenses have been issued for the full terms customarily issued to a radio broadcast station in the State of Illinois, and the FCC Licenses are not subject to any condition except for conditions shown on the face of the FCC Licenses, applicable to radio broadcast licenses generally or otherwise disclosed in Schedule 1.2(a).

(b) Except as set forth in Schedule 1.2(a), to Seller's knowledge, there are no applications, petitions, complaints, proceedings or other actions pending or threatened before the FCC relating to the Station, other than proceedings affecting the radio broadcasting industry generally.

(c) Seller has no reason to believe that the FCC assignment contemplated herein might be challenged or might not be granted by the FCC in the ordinary course.

5.5. TITLE TO AND CONDITION OF PERSONAL PROPERTY. At the Closing, Seller or Infinity-Illinois, as the case may be, will have good title in the Personal Property free and clear of all Liens. At the Closing, the Personal Property will be in good operating condition and repair (ordinary wear and tear excepted), will be performing satisfactory and will be in material compliance with the rules and regulations of the FCC and all other applicable federal, state and local statutes,

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ordinances, rules and regulations. The operating equipment, at Closing, will be sufficient to permit the Station to operate in accordance with the FCC Licenses and the rules and regulations of the FCC.

5.6 ASSUMED CONTRACTS. Seller has delivered to Buyer true and complete copies of all the Assumed Contracts. At the Closing, all Assumed Contracts will be valid, binding and enforceable by Seller or Infinity-Illinois in accordance with their respective terms, except as limited by laws affecting creditors' rights or equitable principles generally. At the Closing, Seller and Infinity-Illinois will have complied in all material respects with all Assumed Contracts. To Seller's knowledge, no other contracting party will be in material default under any of the Assumed Contracts as of the Closing. Except as set forth in Schedule 5.3 of the Closing, Seller and Infinity-Illinois will have full legal power and authority to assign their rights under the Assumed Contracts to Buyer in accordance with this Agreement on terms and conditions no less favorable than those in effect on the date hereof, and such assignment will not require the consent of any third party or affect the validity, enforceability and continuity of any of the Assumed Contracts.

5.7 LITIGATION. There is no claim, litigation, arbitration,

proceeding or investigation pending or, to Seller's knowledge, threatened against or affecting the Station or the Station Assets in any court or before any arbitrator, or before or by any governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign, or that seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

5.8. COMPLIANCE WITH LAWS. Except as disclosed on Schedule 5.8, Seller has complied in all material respects with, and is not in violation of any federal, state or local laws, regulations or orders relating to the operation of the Station. Without limiting the generality of the foregoing:

(a) The Station's transmitting and studio equipment is operating in accordance with the terms and conditions of the FCC Licenses and all underlying construction permits, and the rules, regulations and policies of the FCC, including, without limitation all regulations concerning equipment authorization and human exposure to radio frequency radiation.

(b) Seller has, in the conduct of the Station's business, complied in all material respects with all applicable laws, rules and regulations relating to the employment of labor, including those concerning wages, hours, equal

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employment, collective bargaining, pension and welfare benefit plans, and the payment of social security and similar taxes, and Seller is not liable for any arrearages of wages or any tax penalties due to any failure to comply with any of the foregoing.

(c) Seller has received no notification from the FCC or any other governmental agency that Seller's employment practices fail to comply with established laws, rules and/or policies.

(d) All ownership reports, employment reports and other documents required to be filed by the Seller with the FCC have been so filed. Such items as are required to be placed in the Station's local public record files have been placed in such files. All proofs of performance and measurements that are required to be made by Seller with respect to the Station's transmission facilities have been completed and filed at the Station. All information contained in the foregoing documents is true, complete and accurate in all material respects.

5.9 BROKER'S FEES. Neither Seller nor any person or entity acting on his behalf has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, and no person or entity is entitled to any such payment from Seller in connection with the transactions contemplated by this Agreement.

5.10 BANKRUPTCY. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller, are pending or threatened, and Seller has not made any assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

5.11 UTILITIES. All utilities that are required for the current occupancy and use of the leased premises for the purpose for which such properties are presently being used by Seller, including, without limitation, electric, water, sewer, telephone and similar devices, have been connected and, to the knowledge of Seller, are in working order.

5.12. ASSETS FOR OPERATIONS. At Closing, the Station's Assets will constitute all tangible assets necessary for the operation of the Station by Buyer consistent with the FCC Licenses.

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5.13 FCC PROCESSING. There are no facts known to Seller that would delay the consummation of the transactions contemplated by this Agreement, beyond the date of consummation of the Merger and the asset exchange under the Cox Agreement and Seller has no reason to believe that the FCC Application might be challenged or might not be granted by the FCC in the ordinary course.

#### ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyers represents and warrants to Seller as follows:

6.1. ORGANIZATION AND STANDING. Buyer is a corporation duly formed, validly existing and in good standing under the laws of the State of New York and has all necessary corporate power and authority to own, lease and operate the Station Assets and to carry on the businesses of the Station on and after the Closing Date.

6.2. AUTHORIZATION AND BINDING OBLIGATION. Buyer has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Buyer's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation enforceable against Buyer in accordance with its terms.

6.3 FCC QUALIFICATIONS. Buyer is qualified under the Communications Act of 1934, as amended, and the rules and regulations of the FCC to be the assignee of the FCC Licenses. There are no facts known to Buyer that would delay the consummation of the transactions contemplated by this Agreement based upon Buyer's qualifications. Buyer has no reason to believe

that the FCC assignment contemplated herein might be challenged or might not be granted by the FCC in the ordinary course because of its qualifications. Buyer is financially qualified to consummate the transactions contemplated by this Agreement.

6.4. ABSENCE OF CONFLICTING AGREEMENTS OR REQUIRED CONSENTS. Except as set forth in ARTICLE 7, the execution, delivery and performance of this Agreement by Buyer: (a) do not and will not violate any provision of Buyer's organizational documents; (b) do not and will not require the consent of any third

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party or governmental authority; (c) do not and will not violate any law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination or acceleration of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, lease, instrument, license or permit to which Buyer is now subject.

6.5. BROKER'S FEES. Neither Buyer nor any person or entity acting on its behalf has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, other than Media Venture Partners, and Buyer is responsible for paying any fees or commissions due to Media Venture Partners in connection with the transactions contemplated by this Agreement.

6.6. BANKRUPTCY. No insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Buyer are pending or threatened, and Buyer has made no assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

## ARTICLE 7 GOVERNMENTAL CONSENTS

7.1. FCC APPLICATION. (a) The assignment of the FCC Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. Between the date of this Agreement and the Closing, Buyer shall not directly or indirectly, control the operation of the Station.

(b) No later than five (5) business days after the date of this Agreement, Buyer and Seller shall each prepare and jointly file a complete and grantable FCC Application. Seller and Buyer shall thereafter prosecute the FCC Application in good faith and with all reasonable diligence and otherwise

use their best efforts to obtain the grant of the FCC Application as expeditiously as practicable; provided, however, that neither Seller nor Buyer shall have any obligation to satisfy any complainant or the FCC by taking any steps which would have a material adverse effect upon Seller or Buyer or upon any affiliated entity, but neither the expense nor inconvenience to a party of defending against a complainant or an inquiry by the FCC shall be considered a material adverse

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effect on such party. If the FCC Consent imposes any condition on any party hereto, such party shall use its best efforts to comply with such condition; provided, however, that no party shall be required to comply with any condition that would have a material adverse effect upon it or any affiliated entity. If reconsideration or judicial review is sought with respect to the FCC Consent, the party or parties affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to ARTICLE 12 (Termination Rights).

(c) All FCC filing or grant fees shall be borne equally by Buyer and Seller. Each party shall otherwise bear its own costs and expenses (including the fees and disbursements of its counsel) in connection with the preparation of the portion of the FCC Application to be prepared by it and in connection with the processing and defense of that application.

7.2 COMPLIANCE WITH HSRA. Each party shall make or cause to be made in a timely fashion, and in any event within thirty (30) days following the date of this Agreement, all filings which are required in connection with the transactions contemplated hereby under the HSRA, and shall furnish to the other party all information that the other reasonably requests in connection with such filings. The transfer of the Station Assets hereunder is conditioned upon the expiration of the applicable waiting period under the HSRA without the institution or threat of any action with respect to the consummation of the transactions contemplated hereunder. Buyer and Seller shall split the cost of any HSRA filing fees. Each party shall otherwise bear its own costs and expenses (including the fees and disbursements of its counsel) in connection with the preparation of any HSRA filing to be prepared by it and in connection with the prosecution and defense of that filing; provided however, that Seller shall reimburse Buyer for all reasonable attorneys' fees and expenses incurred in responding on behalf of Buyer to any inquiry from the Federal Trade Commission or the Antitrust Division of the Department of Justice.

7.3 OTHER GOVERNMENTAL CONSENTS. Promptly following the execution of this Agreement, the parties shall prepare and file with the appropriate governmental authorities any other requests for approval or waiver that are required from such governmental authorities in connection with the transactions contemplated hereby and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and

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Each party shall bear its own costs and expenses in connection with the preparation of any filings, documents or requests to be prepared by it in order to obtain such governmental consents, approvals or waivers and in connection with any prosecution or defense by it of such filings, documents or requests.

ARTICLE 8  
COVENANTS

8.1 CONDUCT OF BUSINESS. Between the date of this Agreement and the Closing Date, except as expressly permitted by this Agreement or with the prior written consent of Buyer, which shall not be unreasonably withheld, Seller shall:

(a) comply in all material respects with all laws and contractual obligations applicable to the Station or to the conduct of the business of the Station;

(b) perform all material obligations relating to the business of the Station;

(c) not sell, assign, lease or otherwise transfer or dispose of any of the Station Assets, except for assets consumed or disposed of in the ordinary course of business;

(d) maintain the Station Assets in customary repair, maintenance and condition, replace all items of equipment at time intervals consistent with prior practice, and repair or replace (subject to Section 8.5 (Risk of Less)) any asset that may be damaged or destroyed with items of equal or greater value and utility unless Seller determines in good faith that such a repair or replacement is not necessary or useful for the continued operation of the Station; and

(e) not modify the Assumed Contracts, as amended through the date of this Agreement.

8.2 NOTIFICATION.

(a) Between the date of this Agreement and the Closing Date, Seller shall promptly notify Buyer of (i) any litigation, arbitration or administrative proceeding pending or, to its knowledge, threatened against Seller to revoke, cancel, rescind, modify or fail to renew in the ordinary course any of the FCC Licenses or which challenges the transactions contemplated hereby,

including any challenges to the FCC Application; (ii) the issuance of any order to show cause, notice of violation, notice of apparent liability or notice of forfeiture with respect to the Station; (iii) the submission, to Seller's knowledge, of any material complaint against the Station or Seller with respect to the Station or (iv) any notification from the Federal Trade Commission or the Department of Justice;

(b) Seller shall promptly notify Buyer of any developments that occur prior to closing that cause or might cause a material adverse consequence to the assets or the operation of the Station; provided, however, that Seller's compliance with the disclosure requirement of SECTION 8.2 shall not release Seller of any obligations with respect to any representation, warranty or covenant of Seller in this Agreement or waive any condition to Buyer's obligation under this Agreement;

(c) If Seller receives any fine, order, complaint, citation or notice prior to the Closing Date which states that any aspect of the Station's operation violates any rule or regulation of the FCC or any other governmental authority (an "Administrative Violation"), including, without limitation, any rules or regulations concerning the employment of labor or equal employment opportunity, Seller shall notify Buyer of the Administrative violation, remove or correct the Administrative violation, and be responsible for the payment of all costs associated therewith, including any fines or back pay that may be assessed.

8.3 THIRD-PARTY CONSENTS. Between the date of this Agreement and the Closing Date, Seller shall use reasonable efforts to obtain the consent of any third party necessary for the assignment to Buyer of any of the Assumed Contracts; provided, that Seller shall not be obligated to pay any money to obtain such consent. In the event a consent or waiver required with respect to the assignment by Seller to Buyer of any of the Assumed contract has not been obtained on or before the closing Date, Seller shall use reasonable efforts to provide Buyer with the benefits of any such Assumed Contract (including, without limitation, permitting Buyer to enforce any rights of Seller under such Assumed Contract), and Buyer shall, to the extent Buyer is provided with the benefits of such Assumed Contract, perform all obligations of Seller thereunder.

8.4 PRE-CLOSING EFFORTS. Between the date of this Agreement and the Closing, each party shall use its reasonable efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the other party to consummate the sale and purchase under this Agreement. Neither party shall take any action which is materially inconsistent with its obligations under



this Agreement or that would materially hinder or delay the consummation of the transactions contemplated by this Agreement. In particular, neither party shall take any action that would result in its disqualification to hold the FCC Licenses or in any way delay grant of the FCC Application or consummation of the transactions contemplated by this Agreement. Should either party become aware of any such fact or circumstance, such party shall promptly inform the other.

8.5. RISK OF LOSS. The risk of loss or damage to the Station Assets prior to the Effective Time shall be upon Seller. Seller shall repair, replace and restore any damaged or lost item of Personal Property to its prior condition as soon as possible and in no event later than the Effective Time, unless such item was obsolete and unnecessary for the continued operation of the Station consistent with past practice. If Seller is unable or fails to repair, restore or replace a lost or damaged item required to be repaired or replaced by Seller prior to the Closing, Buyer shall reimburse Buyer for the cost of the repair, restoration or replacement of such item incurred by Buyer after the Closing.

8.6. CONFIDENTIALITY.

(a) Buyer and Seller shall each keep confidential all information obtained by it with respect to the other in connection with this Agreement, except where such information is known or available through other lawful sources or where its disclosure is required in accordance with applicable law. If the transactions contemplated hereby are not consummated for any reason, Buyer and Seller shall return to the other, without retaining a copy thereof, any schedules, documents or other written information, including all financial information, obtained from the other in connection with this Agreement and the transactions contemplated hereby.

(b) Except as required by the FCC in connection with the filing of the FCC application, without the prior consent of both Buyer and Seller, there shall be no public announcement relating to this Agreement or the transactions proposed herein.

8.7. FURTHER ASSURANCES. Seller and Buyer shall cooperate and take such actions,, and execute such other documents at the Closing or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

8.8. ACCESS. Between the date hereof and the Closing Date, Seller shall give, upon prior reasonable notice, Buyer or representatives of Buyer (including

consultants and advisors) reasonable access to the Station and its assets. It



is expressly understood that, pursuant to this SECTION 8.8, Buyer, at its sole expense, shall be entitled to make such engineering and inspection of the Station and its assets as Buyer may desire, so long as the same do not unreasonably interfere with Seller's operation of the Station in Seller's reasonable judgment.

8.9. EMPLOYEE MATTERS. It is specifically understood and agreed that Buyer does not plan to offer employment to any of Station's employees on the Closing Date. Rather, Seller shall be responsible for and pay all termination, vacation and sick leave payments to all of its employees as of the Closing Date.

ARTICLE 9  
CONDITIONS PRECEDENT

9.1. TO BUYER'S OBLIGATIONS. The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

(a) REPRESENTATIONS, WARRANTIES AND COVENANTS.

(i) All representations and warranties made by Seller in this Agreement shall be true and complete in all material respects on and as of the Closing Date (except to the extent they expressly relate to an earlier time, in which case they shall have been true and correct only as of such earlier time) as if made on and as of that date, except to the extent changes are permitted under SECTION 8.1 of this Agreement.

(ii) All of the terms, covenants and conditions to be complied with and performed by Seller under this Agreement on or prior to Closing Date shall have been complied with or performed in all material respects.

(b) FCC CONSENT. The FCC Consent shall have been obtained and shall be effective.

(c) NO INJUNCTION. No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement in accordance with its terms.

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(d) DELIVERIES. Seller shall have made or stand willing to make all deliveries required under SECTION 10.1.

9.2 TO SELLER'S OBLIGATIONS. The obligations of Seller hereunder are, at

its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

(a) REPRESENTATIONS, WARRANTIES AND COVENANTS.

(i) All representations and warranties made by Buyer in this Agreement shall be true and complete in all material respects on and as of the Closing Date (except to the extent they expressly relate to an earlier time, in which case they shall have been true and correct only as of such earlier time) as if made on and as of that date.

(ii) All of the terms, covenants and conditions to be complied with and performed by Buyer under this Agreement on or prior to the Closing Date shall have been complied with or performed in all material respects.

(b) FCC CONSENT. The FCC Consent shall have been obtained and shall be effective.

(c) NO INJUNCTION. No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement in accordance with its terms.

(d) ACQUISITION OF THE STATION. The asset exchange pursuant to the Cox Agreement shall have been consummated.

(e) MERGER. The Merger pursuant to the Merger Agreement shall have been consummated (or all conditions thereto shall have been satisfied and/or waived and such consummation shall be taking place on the same day as the Closing Date).

(f) DELIVERIES. Buyer shall have made or stand willing to make all the deliveries required under SECTION 10.2 and shall have paid or stand willing to pay the Purchase Price as provided in SECTION 2.2.

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ARTICLE 10  
DOCUMENTS TO BE DELIVERED AT THE CLOSING

10.1 DOCUMENTS TO BE DELIVERED BY SELLER. At the Closing, Seller shall deliver to Buyer the following:

(a) a copy of the resolution of the board of directors of Seller, certified by an authorized officer of Seller, authorizing the execution, delivery and performance of this Agreement;

(b) instruments of conveyance and transfer, in form and substance reasonably satisfactory to counsel to Buyer, effecting the sale, transfer,

assignment and conveyance of the Station Assets to Buyer, including, but not limited to, the following:

(i) an assignment of the FCC Licenses;

(ii) bills of sale for all Personal Property;

(iii) assignments of the Assumed Contracts, together with all third party consents as provided in SECTION 8.3;

(c) if by the Closing the FCC Consent has not become a Final Order, an unwind agreement in the form attached at Exhibit B (the "Unwind Agreement") executed by Seller; and

(d) such other documents as may reasonably be requested by Buyer's counsel.

10.2. DOCUMENTS TO BE DELIVERED BY BUYER. At the Closing, Buyer shall deliver to Seller the following:

(a) a copy of the resolution of the board of directors of Buyer, certified by an authorized officer of Buyer, authorizing the execution, delivery and performance of this Agreement;

(b) instruments, in form and substance reasonably satisfactory to Seller and its counsel, pursuant to which Buyer assumes the obligations, liabilities and commitments of Sellers as provided in ARTICLE 3;

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(c) immediately available wire transferred federal funds as provided in SECTION 2.2;

(d) the Promissory Note executed by Buyer;

(e) if by the Closing the FCC Consent has not become a Final Order, the Unwind Agreement executed by Buyer; and

(f) such other documents as may reasonably be requested by Seller's counsel.

ARTICLE II  
INDEMNIFICATION, SURVIVAL

11.1 SELLER'S INDEMNITIES. From and after the Closing, Seller shall indemnify, defend, and hold harmless Buyer and its affiliates and their respective directors, officers, employees, and representatives, and the successors and assigns of any of them, from and against, and reimburse them for, all claims, damages, costs and expenses, including, without limitation, interest, penalties, court costs and reasonable attorneys' fees and expenses, resulting from:

(a) any liabilities of Seller or its affiliates not assumed by Buyer under this Agreement;

(b) the breach of any covenant set forth in this Agreement to be performed prior to or after the Closing by Seller; or

(c) any failure to comply with any "bulk sales" laws applicable to the transactions contemplated hereby.

11.2 BUYER'S INDEMNITIES. From and after the Closing, Buyer shall indemnify, defend and hold harmless Seller and its affiliates and their respective directors, officers, employees, and representatives, and the successors and assigns of any of them, from and against, and reimburse them for, all claims, damages, costs and expenses, including, without limitation, interest, penalties, court costs and reasonable attorneys' fees and expenses, resulting from the failure of Buyer to perform any of its obligations under this Agreement or from the operation of Station by Buyer.

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11.3. PROCEDURE FOR INDEMNIFICATION. The procedure for indemnification shall be as follows:

(a) The party seeking indemnification under this ARTICLE 11 (the "Claimant") shall give notice to the party from whom indemnification is sought (the "Indemnitor") of any claim, whether solely between the parties or brought by a third party, reasonably specifying (i) the factual basis for the claim, and (ii) the amount of the claim if then known. If the claim relates to an action, suit or proceeding filed by a third party against Claimant, notice shall be given by Claimant within fifteen (15) days after written notice of the action, suit or proceeding was given to Claimant. In all other circumstances, notice shall be given by Claimant within thirty (30) days after Claimant becomes, or should have become, aware of the facts giving rise to the claim. Notwithstanding the foregoing, Claimant's failure to give Indemnitor timely notice shall not preclude Claimant from seeking indemnification from Indemnitor if Claimant's failure has not materially prejudiced Indemnitor's ability to defend the claim or litigation.

(b) with respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have

thirty (30) days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purposes of this investigation, the Claimant agrees to make available to the Indemnitor and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate legal remedy.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the claim with counsel reasonably acceptable to Claimant, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for reasonable expenses incurred by the Claimant as the result of a request by the Indemnitor. If the Indemnitor elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of the claim at its own expense. If the Indemnitor does not elect to assume control or otherwise participate in the defense of any third party claim, Claimant may, but shall have no obligation to, defend or settle such claim or litigation in such a manner as it deems appropriate, and in any event Indemnitor shall be bound by the results obtained by the Claimant with respect to the claim (by default or otherwise) and shall promptly reimburse Claimant for the amount of all expenses (including the amount of any judgment rendered), legal or otherwise, incurred in connection

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with such claim or litigation. The Indemnitor shall be subrogated to all rights of the Claimant against any third party with respect to any claim for which indemnity was paid.

#### 11.4. LIMITATIONS.

(a) Neither Seller nor Buyer shall have any obligation to the other party for any matter described in SECTION 11.1 or SECTION 11.2, as the case may be, except upon compliance by the other party with the provisions of this ARTICLE 11, particularly SECTION 11.3.

(b) Neither party shall be required to indemnify the other party under this ARTICLE 11 unless (i) written notice of a claim under this ARTICLE 11 was received by the party within the pertinent survival period specified in SECTION 11.5 and (ii) unless and until the aggregate amount of claims against the party to which the other party (as a Claimant) is entitled to be indemnified under this Agreement exceeds \$5,000, and then only for the excess over \$5,000. Neither party shall have any liability to the other party under any circumstances for special, consequential, punitive or exemplary damages.

11.5. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS. The representations, warranties, covenants, indemnities and agreements contained in

this Agreement or in any certificate, document or instrument delivered pursuant to this Agreement are and will be deemed and construed to be continuing covenants, indemnities and agreements and shall survive the Closing for a period of twelve (12) months after the Closing Date (the "Survival Period"). No claim may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In any event such notice is given, the right to indemnification with respect thereto shall survive the Survival Period until such claim is finally resolved and any obligations thereto are fully satisfied. Any investigation by or on behalf of any party hereto shall not constitute a waiver as to enforcement of any representation, warranty, covenant or agreement contained herein.

11.6. SOLE REMEDY. After the Closing, the right to indemnification under this ARTICLE 11 shall be the exclusive remedy of any party in connection with any breach or default by another party under this Agreement.

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ARTICLE 12  
TERMINATION RIGHTS

12.1. TERMINATION.

(a) This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other upon the occurrence of any of the following:

(i) if the other party is in material breach of this Agreement and such breach has been neither cured within ten (10) days after written notice of such breach nor waived by the party giving such termination notice;

(ii) if there shall be in effect any order or decree from the Department of Justice or any judgment, final decree or order that would prevent or make unlawful the Closing or if the FCC shall have released a hearing designation order requiring a formal hearing on the FCC Application; or

(iii) if the Closing has not occurred by June 30, 1997.

(b) This Agreement may be terminated by mutual written consent of Buyer and Seller.

12.2. EFFECT OF TERMINATION.

In the event of termination of this Agreement pursuant to SECTION 12.1, this Agreement (other than SECTION 8.6 (Confidentiality), which shall remain in full force and effect) shall forthwith become null and void,

and no party hereto (nor any of their respective affiliates, directors, officers or employees) shall have any liability or further obligation, except as provided in this ARTICLE 12 and in ARTICLE 13; provided, that nothing in this SECTION 12.2 shall relieve any party from liability for any breach of this Agreement.

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ARTICLE 13  
REMEDIES UPON DEFAULT; SPECIFIC PERFORMANCE

13.1. DEFAULT BY SELLER; SPECIFIC PERFORMANCE. Seller recognizes that, in the event Seller defaults in the performance of its obligations under this Agreement, monetary damages alone will not be adequate. In such event, Buyer shall be entitled to obtain specific performance of the terms of this Agreement. In addition, Buyer shall be entitled to obtain from Seller court costs and reasonable attorneys' fees and expenses incurred by it in enforcing its rights hereunder. As a condition to seeking specific performance, Buyer shall not be required to have tendered the Purchase Price specified in ARTICLE 2 of this Agreement, but shall be ready, willing and able to do so.

13.2. DEFAULT BY BUYER; LIQUIDATED DAMAGES. If Buyer breaches or defaults in its obligations under this Agreement, Seller may pursue any legal or equitable remedies available to it and shall be entitled to obtain from Buyer court costs and reasonable attorneys' fees and expenses incurred by it in enforcing its rights hereunder.

ARTICLE 14  
OTHER PROVISIONS

14.1. TRANSFER TAXES AND EXPENSES. All recordation, transfer, documentary, excise, sales or use taxes or fees imposed on this transaction shall be split by Buyer and Seller. Except as otherwise provided in this Agreement, each party shall be solely responsible for and shall pay all other costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

14.2. BENEFIT AND ASSIGNMENT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Neither Buyer nor Seller may assign its rights under this Agreement without the prior written consent of the other party hereto; provided, however, that Seller may, without the consent of Buyer, assign its rights hereunder, together with the FCC Licenses and other of the Station Assets owned or held by Seller, to a trust of which Seller or its affiliates is the sole beneficiary (the "Disposition Trust"), whether directly or through a transfer of such rights and assets to a subsidiary which is then conveyed to such trust, all in accordance with applicable FCC rules and regulations.

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14.3. ENTIRE AGREEMENT; SCHEDULES; AMENDMENT; WAIVER. This Agreement, and the exhibits and schedules hereto and thereto, embody the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein. Any matter that is disclosed in a Schedule hereto in such a way as to make its relevance to the information called for by another Schedule readily apparent shall be deemed to have been included in such other Schedule, notwithstanding the omission of an appropriate cross-reference. No amendment, waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought. No failure or delay on the part of Buyer or Seller in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

14.4. HEADINGS. The headings set forth in this Agreement are for convenience only and shall not control or affect the meaning or construction of the provisions of this Agreement.

14.5. COMPUTATION OF TIME. If after making computations of time provided for in this Agreement, a time for action or notice falls on Saturday, Sunday or a Federal holiday, then such time shall be extended to the next business day.

14.6. GOVERNING LAW; WAIVER OF JURY TRIAL. The construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its principles of conflict of law. BUYER AND SELLER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING IN ANY WAY TO THIS AGREEMENT, INCLUDING ANY COUNTERCLAIM MADE IN SUCH ACTION OR PROCEEDING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED SOLELY BY A JUDGE. Buyer and Seller hereby acknowledge that they have each been represented by counsel in the negotiation, execution and delivery of this Agreement and that their lawyers have fully explained the meaning of the Agreement, including in particular the jury-trial waiver. Any question of doubtful interpretation shall not be resolved by any rule providing for interpretation against the party who causes the uncertainty to exist or against the drafter of this Agreement.



14.7. ATTORNEYS' FEES. In the event of any dispute between the parties to this Agreement, Seller or Buyer, as the case may be, shall reimburse the prevailing party for its reasonable attorneys' fees and other costs incurred in enforcing its rights or exercising its remedies under this Agreement. Such right of reimbursement shall be in addition to any other right or remedy that the prevailing party may have under this Agreement.

14.8. SEVERABILITY. If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent be held invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

14.9. NOTICES. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, addressed to the following addresses, or to such other address as any party may request.

If to Seller:

c/o Infinity Broadcasting Corporation  
600 Madison Avenue, 4th Floor  
New York, NY 10022  
Attention: Mr. Mel Karmazin  
Telephone: 212-750-6400  
Facsimile: 212-888-2959

With a copy (which shall not constitute notice) to:

Leventhal, Senter & Lerman  
2000 K Street, N.W., Suite 600  
Washington, D.C. 20006-1809  
Attention: Steven A. Lerman, Esq.  
Telephone: 202-429-8970  
Facsimile: 202-293-7783

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If to Buyer:

Mr. Raul Alarcon, Jr.  
Spanish Broadcasting System, Inc.  
26 West 56th Street  
New York, NY 10019  
Telephone: 212-541-9200  
Facsimile: 212-541-6904

With a copy (which shall not constitute notice) to:

Kaye Scholer Fierman Hays & Handler, LLP  
901 15th Street, N.W., Suite 1100  
Washington, D.C. 20005  
Attention: Jason L. Shrinsky, Esq.  
Telephone: 202-682-3500  
Facsimile: 202-682-3580

Any such notice, demand or request shall be deemed to have been duly delivered and received (a) on the date of personal delivery, or (b) on the date of transmission, if sent by facsimile (but only if a hard copy is also sent by overnight courier), or (c) on the date of receipt, if mailed by registered or certified mail, postage prepaid and return receipt requested, or (d) on the date of a signed receipt, if sent by an overnight delivery service, but only if sent in the same manner to all persons entitled to receive notice or a copy.

14.10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

14.11. EXCLUSIVE DEALINGS. For so long as this Agreement remains in effect, if Buyer is not in breach, neither Seller, its officers, directors or employees, nor any person acting on Seller's behalf, shall directly or indirectly solicit or initiate any offer from, or conduct any negotiations with, any person other than Buyer concerning the acquisition of the Station.

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ARTICLE 15  
DEFINITIONS

15.1. DEFINED TERMS. Unless otherwise stated in this Agreement, the following terms when used herein shall have the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Agreement" shall mean this Asset Purchase Agreement.

"Act" shall have the meaning set forth in the preamble of this Agreement.

"Assumed Contracts" shall have the meaning set forth in SECTION 1.2.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

"Claimant" shall have the meaning set forth in SECTION 11.3.

"Closing" shall have the meaning set forth in SECTION 1.1.

"Closing Date" shall mean the date on which the Closing is completed.

"Cox Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Disposition Trust" shall have the meaning set forth in SECTION 14.2.

"Effective Time" shall have the meaning set forth in SECTION 3.1.

"FCC" shall have the meaning set forth in the preamble to this Agreement.

"FCC Application" shall mean the application that Seller and Buyer must file with the FCC requesting its consent to the assignment of the FCC Licenses from Seller to Buyer.

"FCC Consent" shall mean the action by the FCC granting the FCC Application.

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"FCC Licenses" shall have the meaning set forth in SECTION 1.2.

"Final Order" shall mean action by the FCC, with respect to the FCC Application (i) which has not been vacated, reversed, stayed, or suspended; (ii) with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending; and (iii) as to which the time for filing any such appeal request, petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, has expired.

"GAAP" shall mean generally accepted accounting principles, consistently applied.

"HSRA" shall mean the Hart-Scott-Rodino Antitrust Improvements Act 1976, as amended, and the regulations adopted thereunder.

"Indemnitor" shall have the meaning set forth in SECTION 11.3.

"Infinity" shall have the meaning set forth in the preamble to this Agreement.

"Liens" shall mean mortgages, deeds of trust, liens, security

interests, pledges, collateral assignments, conditional sales agreements, leases, encumbrances, claims, or other defects of title, but shall not include (i) liens for current taxes not yet due and payable, (ii) other liens imposed by law (such as materialman's, mechanic's, carrier's, worker's and repairman's liens) arising in the ordinary course of business (provided that such liens do not interfere in any material respect with the use of the Station Assets as currently used), (iii) valid leases or subleases to third parties with respect to property not used in the operation of the Station, and (iv) defects in title or other matters that are not material to the owner or lessee, as the case may be.

"Main Studio Equipment" shall have the meaning set forth in SECTION 1.2.

"Main Studio and Transmitter Site Leases" shall have the meaning set forth in SECTION 1.2.

"Merger" shall have the meaning set forth in the preamble to this Agreement.

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"Merger Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Notice of Disagreement" shall have the meaning set forth in SECTION 4.2.

"Office Space Lease" shall have the meaning set forth in SECTION 1.2.

"Personal Property" shall have the meaning set forth in SECTION 1.2.

"Prime Rate" shall mean the "prime rate" as published daily in the Money Rates column of the Wall Street Journal (or the average of such rates if more than one rate is indicated).

"Promissory Note" shall mean a promissory note in the amount of \$3,000,000 in substantially the form attached at Exhibit A.

"Proration Schedule" shall have the meaning set forth in SECTION 4.2.

"Purchase Price" shall have the meaning set forth in SECTION 2.1.

"Referee" shall have the meaning set forth in SECTION 4.2.

"Seller" shall have the meaning set forth in the preamble to this Agreement.

"Seller's Proration Amount" shall have the meaning set forth in SECTION 4.2.

"Station" shall have the meaning set forth in the preamble to this Agreement.

"Station Assets" shall mean the assets to be transferred to Buyer hereunder, as more fully specified in SECTION 1.2.

"Survival Period" shall have the meaning set forth in SECTION 11.5.

"To Buyer's knowledge," or words of similar import, shall mean to the actual knowledge of the president or chief financial officer of Buyer.

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"To Seller's knowledge," or words of similar import, shall mean to the actual knowledge of the president or chief financial officer of Seller.

"Transmitter Site Equipment" shall have the meaning set forth in SECTION 1.2.

"Unwind Agreement" shall mean an unwind agreement in the form attached at Exhibit B.

"Westinghouse" shall have the meaning set forth in the preamble to this Agreement.

15.2. MISCELLANEOUS TERMS. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms apply to females; feminine terms apply to males. The term "includes" or "including" is by way of example and not limitation.

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IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be duly executed as of the date first written above.

SELLER:

INFINITY HOLDINGS CORP.  
OF ORLANDO

By:

-----  
Name:

-----  
Title:

-----

BUYER:

SPANISH BROADCASTING SYSTEM, INC.

By:

-----  
 Name: -----  
 Title: -----

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EXHIBIT A

PROVISIONS OF PROMISSORY NOTE

Set forth below are the terms of the Promissory Note (the "Promissory Note") to be delivered on the Closing Date by Buyer to Seller pursuant to Section 2.2(b) of the Agreement to which Exhibit A is attached (capitalized terms used but not defined herein shall have the meaning set forth in the Agreement).

Principal: \$3,000,000

Interest: 3-month LIBOR (as reported by Reuters)+450 basis points, with quarterly adjustments,

Interest and Principal Payments:

Year Following Closing  
-----

Payment  
-----

1 - 2

Interest accrues quarterly and is added to the principal balance of the Promissory Note; no principal or interest payment due.

3 - 7

Interest payments due quarterly in arrears on the new principal balance plus amortization of original principal.

On 7th anniversary of Closing Date

Balance of principal and interest due in full.

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Mandatory

Prepayment:

Upon the sale, directly or indirectly, of all or any portion of the Station Assets, out all proceeds of such sale until the Promissory Note and interest are paid in full.

Optional

Prepayments: At option of Buyer, the Promissory Note may be prepaid at any time in whole or in part without penalty.

Manner

of Payment: All payments due hereunder shall be made by wire transfer of immediately available fund to the account(s) (and, if more than one account, in the respective amounts) directed in writing by Sellers. There shall be no set-off or similar rights with respect to any payments due hereunder.

Default: Standard events of default, including (i) failure to pay principal when due, or failure to pay interest within 3 business days of when due, (ii) default by Buyer on any indebtedness for borrowed money with a principal balance in excess of \$[ ] in the aggregate, which default shall have occurred and be continuing for the period under which Buyer shall be permitted to effect a cure of such default under the applicable agreements governing such indebtedness and (iii) commencement of voluntary or involuntary bankruptcy or insolvency proceedings with respect to Buyer, which in the case of an involuntary proceeding shall have continued for a period of 30 days.

Restrictive

Covenants: Cross default provisions mirror senior lenders in Buyer's senior lenders documents.

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EXHIBIT B

UNWIND AGREEMENT

This Unwind Agreement ("Unwind Agreement"), dated as of \_\_\_\_\_, 1996, is by and between Infinity Holdings Corp. of Orlando, a Delaware corporation ("Seller"), and Spanish Broadcasting System, Inc., a New York corporation ("Buyer"), and is made with reference to that certain Asset Purchase Agreement, dated August 22, 1996 by and between Buyer and Seller (the "Purchase Agreement").

W I T N E S S E T H :

WHEREAS, on \_\_\_\_\_, the Federal Communications Commission ("FCC") granted its consent (the "FCC Consent") to the assignment of the licenses of Radio Station WYSY-FM, Aurora, Illinois (the "Station"), pursuant to the Purchase Agreement; and

WHEREAS, on the date hereof, the FCC Consent has not become a "Final Order" as defined in the Purchase Agreement; and

WHEREAS, Seller and Buyer have elected to proceed with the Closing without the FCC Consent having become a Final Order, but desire to do so in accordance with the terms and conditions hereof.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein, the parties hereby agree as follows:

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1. DEFINITIONS.

1.1. "FCC Reversal" shall mean a Final Order that reverses, rescinds, vacates, sets aside or annuls the FCC Consent.

1.2. "Purchase Price" shall mean the consideration set forth in Paragraph 2.1 of the Purchase Agreement.

1.3. "Closing Documents" shall mean the documents listed and described on the Closing Agenda executed by Seller and Buyer and exchanged on even date herewith.

1.4. "Interim Period" shall mean the period commencing with the Closing and ending with the retransfer to Seller of the Station Assets.

1.5. All other terms used in this Unwind Agreement shall have the meanings assigned to them in Purchase Agreement except as expressly provided otherwise herein.

2. FCC REVERSAL. If an FCC Reversal should occur (and no other disposition or rearrangement mutually acceptable to the parties has been or can be agreed upon), the parties agree to cooperate fully with one another to retransfer the Station Assets to Seller, or at Seller's election, to the Disposition Trust, subject to any necessary prior FCC approval, to provide for the assumption by Seller or the Disposition Trust of any liabilities, obligations or commitments of the type assumed by Buyer pursuant to the Purchase Agreement, and to use their respective best efforts to restore the status quo ante existing prior to the closing. Without limitation, the parties agree to do the following:

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2.1. Seller shall return, or cause the return of, the Purchase Price to Buyer.

2.2. Buyer shall return, or cause the return of, all of the Station Assets then existing to Seller. If requested by Seller, Buyer shall execute a Bill of Sale and such other documents of transfer as Seller may reasonably request evidencing the transfer or assignment of the Station Assets to Seller.

2.3. Seller and Buyer shall prepare and execute any and all required applications, documents and instruments for filing with the FCC in order to enable the parties to comply with any FCC or judicial reversal order, and any other applications, agreements or instruments necessary to implement the purposes of this Unwind Agreement.



2.4. The parties agree to prorate the income and expenses arising from the conduct of the business and operation of the Station during the Interim Period in the manner prescribed by Article 4 of the Purchase Agreement.

3. INDEMNITIES. Buyer shall hold Seller harmless with respect to all claims arising from the operation of the Station during the Interim Period and shall indemnify Seller against any claims arising from actions taken during the Interim Period which arise from any conduct of the ownership or operation of either or both of the Station during the Interim Period.

4. OPERATION DURING INTERIM PERIOD. Nothing herein shall be construed to limit in any way the full powers of Buyer on and after the Closing Date to operate the Station as it sees fit. Buyer shall be entitled to retain all revenues and profits

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earned during the Interim Period whether or not there is an FCC Reversal or the Agreement is voided and canceled.

5. TERMINATION. This Unwind Agreement shall terminate on the date the FCC Consent becomes a Final Order or, in the event of an FCC Reversal, upon the completion of the actions necessary pursuant to Paragraph 2 of this Unwind Agreement to unwind the sale of the Station to Buyer.

6. NOTICES. All notices, requests, demands or other communications relating to this Agreement shall be in writing and shall be given in accordance with Section 14.9 of the Purchase Agreement.

7. COUNTERPARTS. This Unwind Agreement may be signed in multiple counterparts, which together shall constitute one and the same agreement.

8. GOVERNING LAW. The construction and performance of this Agreement shall be governed by the laws of the state of New York without regard to its principles of conflicts of laws.

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IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be duly executed as of the date first written above.

SELLER:

INFINITY HOLDINGS CORP.  
OF ORLANDO

By: /s/ Mel Karmazin

-----  
Name: Mel Karmazin

-----  
Title: President/CEO  
-----

BUYER:

SPANISH BROADCASTING SYSTEM, INC.

By:

-----

Name:

-----

Title:

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IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be duly executed as of the date first written above.

SELLER:

INFINITY HOLDINGS CORP.  
OF ORLANDO

By:

-----

Name:

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Title:

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BUYER:

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ Raul Alarcon

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Name: Raul Alarcon

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Title: President

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SCHEDULE 1.2 (a)  
TO WYSY-FM  
ASSET PURCHASE AGREEMENT

FCC LICENCES

WYSY-FM, 107.9 MHz, Aurora, Illinois(1)

<TABLE>

<CAPTION>

Auxiliary Broadcast Licenses:

-----  
<S>            <C>  
KM-9180        RPU  
KPF-414        RPU  
KPL-511        RPU  
WLQ-238        STL  
</TABLE>

-----  
(1) An application to assign the license of WYSY-FM from WCKG, Inc. to Infinity Holdings Corp. of Orlando was filed with the FCC on July 11, 1996 (FCC File No. BALH-9607116I), was accepted for filing on July 17, 1996, and is currently pending. An application to transfer control of Infinity Broadcasting Corp. of Orlando, proposed licensee of WYSY-FM, from the Stockholders of Infinity Broadcasting Corporation to Westinghouse Electric Corporation was filed with the FCC on July 22, 1996, was accepted for filing on July 25, 1996, and is currently pending. An application to renew the license of WYSY-FM was filed with the FCC on July 25, 1996 (FCC File No. BRH960725YR), was accepted for filing on August 13, 1996, and is currently pending.

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United States of America

FEDERAL COMMUNICATIONS COMMISSION

[SEAL]

FM BROADCAST STATION LICENSE

Official Mailing Address:

-----  
MIDWEST BROADCASTING OF CHICAGO, INC.  
620 EOLA ROAD  
AURORA, IL 60504  
-----

Authorizing Official:

/s/ Dale E. Bickel  
-----

Dale E. Bickel  
Supervisory Engineer, FM Branch  
Audio Services Division  
Mass Media Bureau

Grant Date:            3 NOV 1992

Call Sign: WYSY-FM

This license expires 3:00 a.m.  
local time: December 01, 1996

This license covers Permit No.: 87030200  
as modified by Permit No.: 900710IC  
  
as extended by Permit No.: 910708JO

Subject to the provisions of the Communications Act of 1934, subsequent acts and treaties, and all regulations heretofore or hereafter made by this Commission, and further subject to the conditions set forth in this license, the licensee is hereby authorized to use and operate the radio transmitting apparatus herein described.

This license is issued on the licensee's representation that the statements contained in licensee's application are true and that the undertakings therein contained so far as they are consistent herewith, will be carried out in good faith. The licensee shall, during the term of this license, render such broadcasting service as will serve the public interest, convenience, or necessity to the full extent of the privileges herein conferred.

This license shall not vest in the licensee any right to operate the station nor any right in the use of the frequency designated in the license beyond the term hereof, nor in any other manner than authorized herein. Neither the license nor the right granted hereunder shall be assigned or otherwise transferred in violation of the Communications Act of 1934. This license is subject to the right of use or control by the Government of the United States conferred by Section 606 of the Communications Act of 1934.

Name of Licensee:

MIDWEST BROADCASTING OF CHICAGO, INC.

FCC Form 351-B October 21, 1985

BE

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Call sign WYSY-FM

License No.: BLH-910827KB

Station Location:

IL-AURORA

Frequency (MHz): 107.9

Channel: 300

Class: 3

Hours of Operation: Unlimited

Main Studio Address:

IL-620 EOLA ROAD, AURORA

Transmitter location (address or description):

23W033 ARMY TRAIL ROAD, BLOOMINGDALE, DUPAGE COUNTY,  
ILLINOIS.

Remote control point address:

IL-620 EOLA ROAD, AURORA

Transmitter: Type accepted. See Sections 73.1660, 73.1665 and 73.1670  
of the Commission's Rules.

Transmitter output power (kW): 25.0

Antenna type: (directional or non-directional): Directional

Desc: JAMPRO JHPC-2R RFR DA. 2 SECTIONS, CIRCULARLY POLARIZED AT  
MAX ERP, SIDE-MOUNTED NEAR TOP OF GUYED STEEL TOWER

Antenna coordinates: North Latitude: 41 56 1.0  
West Longitude: 88 04 23.0

<TABLE>  
<CAPTION>

	Horizontally Polarized Antenna	Vertically Polarized Antenna
<S>	<C>	<C>
Effective radiated power in the horizontal plane (kW) . . . . . :	21.0	21.0
Height of radiation center above ground (meters) . . . . . :	223.0	223.0

</TABLE>

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Call sign: WYSY-FM

License No.: BLH-910827KB

<TABLE>  
<CAPTION>

<S>	Horizontally Polarized Antenna	Vertically Polarized Antenna
Height of radiation center above mean sea level (meters) . . . . . :	<C> 455.0	<C> 455.0
Height of radiation center above average terrain (meters). . . . . :	232.0	232.0
Overall height of antenna structure above ground (including obstruction lighting, if any) . . . . . :	228.0 meters	

</TABLE>

Obstruction marking and lighting specifications for antenna structure:

It is to be expressly understood that the issuance of these specifications is in no way to be considered as precluding additional or modified marking or lighting as may hereafter be required under the provisions of Section 303(q) of the Communications Act of 1934, as amended.

Paragraph 1.0, FCC Form 715 (March 1978):

Antenna structures shall be painted throughout their height with alternate bands of aviation surface orange and white, terminating with aviation surface orange bands at both top and bottom. The width of the bands shall be equal and approximately one-seventh the height of the structure, provided however, that the bands shall not be more than 100 feet nor less than 1 and 1/2 feet in width. All towers shall be cleaned and repainted as often as necessary to maintain good visibility.

Paragraph 3.0, FCC Form 715 (March 1978):

There shall be installed at the top of the structure one 300 m/m electric code beacon equipped with two 620- or 700-watt lamps (PS-40, Code Beacon type), both lamps to burn simultaneously, and equipped with aviation red color filters. Where a rod or other construction of not more than 20 feet in height and incapable of supporting this beacon is mounted on top of the structure and it is determined that this additional construction does not permit unobstructed visibility of the code beacon from aircraft at any normal angle of approach, there shall be installed two such beacons positioned so as to insure unobstructed visibility of at least one of the beacons from aircraft at any normal angle of approach. The beacons shall be equipped with a flashing mechanism producing not more than 40 flashes per minute nor less than 12 flashes per minute with a period of darkness equal to approximately one-half of the luminous period.

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Call sign: WYSY-FM

License No.: BLH-910827KB

Paragraph 6.0, FCC Form 715 (March 1978):

On levels at approximately two-thirds and one-third of the overall height of the tower one similar flashing 300 m/m electric code beacon shall be installed in such position within the tower proper that the structural members will not impair the visibility of this beacon from aircraft at any normal angle of approach. In the event these beacons cannot be installed in a manner to insure unobstructed visibility of the beacons from aircraft at any normal angle of approach, there shall be installed two such beacons at each level. Each beacon shall be mounted on the outside of diagonally opposite corners or opposite sides of the tower at the prescribed height.

Paragraph 15.0, FCC Form 715 (March 1978):

On levels at approximately five-sixths, one-half and one-sixth of the over-all height of the tower, at least one 116- or 125-watt lamp (A21/TS) enclosed in an aviation red obstruction light globe shall be installed on each outside corner of the structure.

Paragraph 21.0, FCC Form 715 (March 1978):

All lighting shall burn continuously or shall be controlled by a light sensitive device adjusted so that the lights will be turned on at a north sky light intensity level of about 35 foot candles and turned off at a north sky light intensity level of about 58 foot candles.

Paragraph 22.0, FCC Form 715 (March 1978):

During construction of an antenna structure, for which obstruction lighting is required, at least two 116- or 125-watt lamps (A21/TS) enclosed in aviation red obstruction light globes, shall be installed at the uppermost point of the structure. In addition, as the height of the structure exceeds each level at which permanent obstruction lights will be required, two similar lights shall be displayed nightly from sunset to sunrise until the permanent obstruction lights have been installed and placed in operation, and shall be positioned so as to insure unobstructed visibility of at least one of the lights at any normal angle of approach. In lieu of the above temporary warning lights, the permanent obstruction lighting fixtures may be installed and operated at each required level as each such level is exceeded in height during construction.

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Call sign: WYSY-FM

License No.: BLH-910827KB

Special operating conditions or restrictions:

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THE RELATIVE FIELD STRENGTH OF NEITHER THE MEASURED HORIZONTALLY NOR VERTICALLY POLARIZED RADIATION COMPONENT SHALL EXCEED AT ANY AZIMUTH THE VALUE INDICATED ON THE COMPOSITE RADIATION PATTERN AUTHORIZED BY YOUR CONSTRUCTION PERMIT BMPH-900720IC.

--

A RELATIVE FIELD STRENGTH OF 1.0 ON THE COMPOSITE RADIATION PATTERN HEREIN AUTHORIZED CORRESPONDS TO THE FOLLOWING EFFECTIVE RADIATED POWER:

--

21.0 KILOWATTS

--

PRINCIPAL MINIMUM OF COMPOSITE RADIATION PATTERN:

--

1.73 KILOWATTS AT 5.0 DEGREES TRUE.

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SCHEDULE 1.29(e)  
TO WYSY-FM  
ASSET PURCHASE AGREEMENT

MAIN STUDIO AND TRANSMITTER SITE LEASES

Attached.



Station: WYSY

Contract with: Group W Radio Subsidiary, Inc.

Start Date: 11-1-90

End Date: 10-31-95 May renew for two additional five year terms upon 90 day prior to end of initial term.

Transaction Summary: Tower space lease for WYSY-FM's antenna and related receivers and electronics. Currently paying \$7,000 per month with monthly rent during any renewal term to be increased by Consumer Price Index.

#### ANTENNA LEASE AGREEMENT

Agreement made this 28th day of September, 1990 by and between Group W Radio Subsidiary, Inc., a Delaware corporation, the licensee of WMAQ-AM, Chicago, Illinois ("Group W") and Midwest Broadcasting of Chicago, Inc., the licensee of WYSY-FM, Aurora, Illinois ("MBC" or "Lessee").

WHEREAS Group W, Lessor herein, is the owner of certain premises situated on a 27-acre parcel (the "Site") at Bloomingdale, Illinois, as more fully described at Attachment A hereto; and

WHEREAS Group W, licensee of WMAQ-AM Radio, has erected on said premises one tower (the "WMAQ-AM Tower" or "Tower") of approximately 740 feet above ground capable of supporting a number of radio and similar antennas and associated equipment and will make available to the Lessee herein (and may make available to other lessees) space on said Tower for the erection and maintenance of the Lessee's antenna; and

WHEREAS, Lessee desires to broadcast from antennas located on the WMAQ-AM Tower and Lessor desires to allow such broadcasting activities; and

NOW THEREFORE, the Parties hereto agree as follows:

1.1 Group W, for and in consideration of the rents, covenants, and agreements herein contained on the part of the Lessee to be paid, kept and performed, does hereby demise and let to the Lessee, and the Lessee does hereby take and hire from the Lessor, that space (hereinafter called the "Demised Premises") consisting of:

- (a) Approximately 40 feet of vertical space on the WMAQ-AM Tower, starting at 640 feet above ground to 700 feet (subject to approval by Group W upon receipt of the report referred to in Section 2.5 hereof, and otherwise at the highest feasible level on the Tower) to be used by Lessee for a 107.9 MHz transmitting antenna for the transmitting of FM broadcasting as authorized by the Federal Communications Commission ("F.C.C.") to be used and occupied by the

Lessee solely for FM broadcasting and the use of any subchannels thereof.

- (b) An adjacent microwave tower for the studio transmitter link ("STL") as authorized by the F.C.C. to be used for the STL and for no other purposes. In the event that

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technical or topographic considerations prevent use of the microwave tower by lessee for its STL, Group W agrees that lessee may install its STL and related equipment on the Tower.

- (c) The transmitter building located at the Site.

1.2 Group W further agrees to permit the installation and operation by Lessee of one C-band receive-only satellite dish at the Site, generally subject to the terms and conditions of this lease as it applies to installations, operation, maintenance and interference criteria for all other equipment installed by Lessee. The parties hereto agree that specific terms and conditions relative to such satellite dish shall be expressed in an Amendment to this lease.

1.3 The initial term of this Agreement shall be 5 years, commencing on the earlier of (i) one month after the date Lessee receives a Construction Permit from the FCC to relocate its antenna to the WMAQ Tower, or (ii) the date Lessee begins construction at the Site. Upon expiration, Lessee shall have the option to renew this Agreement for two additional 5 year periods. Lessee shall provide Group W with not less than ninety (90) days prior written notice of its intention to exercise each of the renewal options.

1.4 As full consideration for its lease of the Demised Premises during the initial term, Lessee shall pay and Group W shall accept the sum of \$7,000 per month. In the event Lessee exercises its option to renew, the fee payable to Group W each month during the renewal term shall be an amount equal to the "Renewal Rental Amount" as defined below.

1.5 The term "Demised Premises" is defined for purposes hereof as the Lessee's use of the WMAQ-AM Tower, the microwave tower and transmitter building in common with Group W and other lessees.

1.6 "Renewal Rental Amount" shall mean the rental amount in effect at the end of the previous term multiplied by the sum of 100% plus the aggregate percentage change in the Consumer Price Index published by the U.S. Department of Commerce from the beginning of the previous term.

2.1 All construction and installation activities performed at the Site by the Lessee or its agents (i) shall be consistent with Lessee's construction permit, F.C.C. rules and regulations, "Radio Frequency Protection Guides" published by the American National Standards Institute, and Group W's labor agreements, (ii) shall be limited to times reasonably acceptable to Group W, and (iii) shall be preceded by timely notice of such activity to Group W. The

Lessee further agrees, at its own expense, to make all repairs necessary or required as a result of any use of the Demised Premises by the Lessee.

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2.2 The Lessee agrees that it will, at its own expense, arrange (i) with the local public utilities for electricity, with its own metering and billing, including all necessary electrical wiring, telephone lines and cables, and (ii) an alternative source of power. Lessee further agrees that, if permitted, Lessee will arrange for and bear the expense of trenching a new electrical feed line from the street to Lessee's electrical distribution center in the transmitter building. The installation of any and all further power and telephone lines (in addition to those existing as of the date of this Agreement) serving the Lessee's premise shall be made by Lessee at its sole expense.

2.3 Lessee agrees that it will, at its own expense, install all necessary electrical wiring for the transmission of electricity or radio frequency signals and all control circuitry from the terminal point to the Lessee's antennas on the Tower. Lessee may be required to pay all expenses of necessary repairs to any element of the existing ground system. Lessee shall also measure the base impedance at the beginning and the conclusion of installation of the transmission system.

2.4 Lessee, at its own expense, may procure and install a new permanent antenna installation (i) on the Tower to be used by it for FM transmitting and (ii) on the microwave tower to be used by it for the STL, and all necessary transmission lines connecting such installation to Lessee's equipment in the transmitter building, and will make all connections necessary for the operation thereof. Lessee shall install at least one and may install two isocoupler devices mounted at ground level.

If requested to do so by Group W, Lessee shall provide a separate entrance to the transmitter building and will separate its equipment therein in a secure location. Group W may require Lessee to install a security system specific to Lessee's equipment in the transmitter building and independent of the existing security system. Lessee shall also make all modifications necessary to the existing fire protection system to expand its coverage to areas of the transmitter building occupied by Lessees' equipment. Group W makes no warranty whatsoever as to the adequacy or functioning of Group W's existing security system or fire protection system in relation to Lessee's equipment. Lessee shall bear all expenses related to interior modification of the transmitter building, including installation of the security system and modification of the existing fire protection system.

The plans and specifications for all construction and equipment involved in the installation and operation of the antenna and its support equipment anywhere at the Site and the names of all prime and sub-contractors and/or personnel proposed for the erection thereof or related construction anywhere at the Site shall be prepared and/or proposed by Lessee and shall be

subject to the prior written approval of Group W, which approval shall not unreasonably be withheld, but specifically subject to Section 4 of this lease.

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2.5 Prior to any such construction or installation by Lessee, Lessee shall have obtained, at its own expense, a structural engineering report on the Tower and the adjacent microwave tower to be performed by Alpha Tower Design, Inc. or other bonded corporation acceptable to Group W, and the results of such report must be acceptable to Group W. In the event no report acceptable to Group W can be obtained, this lease shall be cancelled.

2.6 At the conclusion of such construction and installation, Lessee shall be required to provide radio frequency proof of performance acceptable to Group W and to replace or modify WMAQ-AM's tuning network, if deemed necessary by Group W.

3.1 Group W shall repair and maintain the Tower, and shall notify Lessee of all significant repair or maintenance work to be undertaken by Group W, but Group W shall not be responsible to the Lessee for any loss or damage occasioned by any interruption of the use of the Tower regardless of the cause of such interruption. Group W agrees that in repairing and maintaining the Tower it will take all reasonable precautions to avoid any such interruption to the broadcasting activities of the Lessee and in the event that any such interruption does occur as a result of actions taken by Group W, Group W shall promptly notify Lessee and will use its best efforts to correct the same as soon as possible. If such interruption continues for a period of 15 consecutive days, Lessee may cancel this Agreement.

3.2 Group W assumes the responsibility of meeting the requirements of governmental authorities relating to lighting and painting of the Tower.

3.3 If at any time during the term of this lease any change or alteration in the Tower (but not in the equipment of the Lessee thereon mounted) is required by the F.C.C. or any federal, state or local authority having jurisdiction which change shall exceed \$150,000 in cost, Group W may make such change or alteration at its own expense. If Group W fails to make such change or alteration within a reasonable time after being required to do so, then the Lessee's rights arising out of such failure shall be limited to the right to terminate this lease upon thirty (30) days' written notice to Group W of such termination. If such change shall be a joint responsibility of Group W and Lessee by reason of F.C.C. action, Lessee shall have the right to terminate this lease immediately upon notice of Group W that it does not intend to make such change or alteration.

3.4 The Demised Premises shall be and remain the sole property of Group W and Lessee shall have only the privilege of use of the part thereof as herein provided. Group W acknowledges the prior first priority security

interest in all of Lessee's equipment that is held by Lessee's lender, Crestar Bank or its Assigns.

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3.5 Any antenna to be installed by the Lessee on the Tower for its use as provided in Section 2.3 and the transmission lines and isocouplers connecting it to the Lessee's equipment shall be and remain the property of the Lessee and shall be replaced and maintained by it. Changes in such antenna and transmission lines and isocouplers (other than normal maintenance and replacement changes) may be made by the Lessee only with the prior written approval of Group W and in conformity with Section 4 hereof. Group W shall arrange for Lessee to have 24 hour access to the Site for routine maintenance and repairs, provided that, Lessee shall notify Group W of all maintenance or repairs and obtain its consent for the scheduling of any non-routine or extensive repair, maintenance or replacement work to be done by Lessee or its agents on Lessee's equipment which may interfere with Group W's access to or use of its own equipment at the Site, as more fully set forth at Paragraph 5.1 below.

4.1 Group W shall have the right to broadcast from the Tower and the right to grant leases to others to broadcast from the Tower. Lessee, therefore, accepts this lease under and subject to the following conditions:

4.1.1 The absolute right of Group W to cancel this lease at any time during the term hereof, or any renewal term, on thirty (30) days' advance notice to the Lessee, and without liability of any kind to the Lessee, whenever, in the sole discretion of Group W, continued operation by the Lessee under the terms of this lease creates objectionable interference (as defined in Section 5) with Group W's broadcasting activities being conducted from the Tower, which interference, either electrical or mechanical cannot be immediately eliminated by the Lessee as required by Section 5; and

4.1.2 The right of Group W to require Lessee to move any of its antennas from the point herein described to a point, selected by Group W, lower on the Tower if, in the sole opinion of Group W, such move is necessary to eliminate any objectionable interference (as defined in Section 5) by Lessee with Group W's broadcasting activity being conducted from or contemplated for such Tower, which interference cannot in Group W's sole discretion be reasonably and immediately eliminated by any other action. Lessee agrees to make such move at its own expense promptly after notice from Group W to do so and failure of the Lessee to so move shall constitute a default under this lease.

4.2 Group W will not grant an additional license to broadcast from the Tower to any other broadcaster unless such broadcaster, to the extent licensed by Group W, can carry on its broadcasting activities from the Tower without causing objectionable interference (as hereinafter defined) to the broadcasting activities being carried on at the time by Group W or other licensees (inclusive of Lessee) then broadcasting from the Tower in accordance

with the provisions of their licenses, as provided in this Section 4. Wherever reference is made herein to

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objectionable interference to any broadcasting activity, it shall be deemed to mean objectionable interference as defined in Section 5.

4.3 No licensee (other than Group W or other licensees broadcasting from the Tower as of the date of this Agreement in accordance with the provisions of their licenses, as provided in Section 4), inclusive of Lessee, will be permitted to initiate any broadcasting activity until there has been full compliance with Section 4.4 hereof as to such broadcasting activity.

4.4 No licensee (other than Group W, inclusive of Lessee, may initiate any broadcasting activity unless and until the following steps have been taken:

- (a) The structural engineering reports, plans and specific designs for its installations have been submitted to Group W in accordance with Section 4.5 hereof.
- (b) Tests have been made, if ordered by Group W (but at such licensee's expense inclusive of Lessee) to determine, so far as it is practicable to do so by preliminary tests, that the proposed broadcasting activity can be conducted without causing objectionable interference to any broadcasting activities then being conducted by any other licensee. Such tests shall be a type then recognized as appropriate for such purpose.

4.5 Before any lessee on the Tower (inclusive of Lessee) shall make any installations on the Tower in preparation for the initiation of a broadcasting activity, structural engineering reports, plans and specific designs for such installations shall be submitted to and approved by Group W. The approval by Group W of such reports, plans and specific designs shall not limit Group W's right to require full compliance with all the conditions and provisions applicable to objectionable interference.

4.6 No change in a broadcasting activity which (i) requires the approval of the F.C.C. for its adoption, (ii) involves a change in transmitter equipment, or (iii) involves an installation or modification of an installation of the Tower, and no other change which has or may have an effect upon the conduct of other broadcasting activities from the Tower, shall be made except upon the conditions provided in Sections 2 and 3 hereof applicable to initial operation or installation of the antenna and its support equipment.

4.7 Lessor represents that the condition and use of the equipment and facilities located in the Demised Premises on the date hereof comply with all applicable laws, rules and regulations.

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5.1 Objectionable interference to a broadcasting activity shall be deemed to exist if:

- (a) A determination to that effect is made by an authorized representative of the F.C.C.; or
- (b) A condition exists which constitutes interference within the meaning of the provisions of the Rules and Regulations of the F.C.C. at the time in effect; or
- (c) Lessee's use of the Tower, microwave tower, or transmitter building is not consistent with all "Radio Frequency Protection Guides" recommended now or in the future by the American National Standards Institute; or
- (d) A variation of more than 5% in annual base impedance measurements from agreed initial baseline impedance measurements; or
- (e) There is in the judgment of Group W a material impairment of the quality of the sound signals or WMAQ-AM, or a licensee of Group W in any material portion of the protected service area of such activity as such area is or may be defined by the F.C.C. at any hour during the period of operation of such activity, as compared with that which would be obtained if Lessee were not broadcasting from the Tower in question or had any equipment on such Tower; or
- (f) Group W or a licensee of Group W is prevented from using or having access to its equipment on a 24-hour per day basis to an extent which interferes to a material degree with the operation or maintenance of the Tower or the said equipment.

5.2 If at any time there shall be objectionable interference to any broadcasting activity described in Section 5.1 above, Lessee shall immediately discontinue the interfering activity, except during periods when the broadcasting activity being interfered with is not being conducted, until such interference can be corrected.

5.3 Whenever Lessee shall, pursuant to the requirements of Section 5.2, discontinue a broadcasting activity, it shall not resume such broadcasting activity (except during periods when the broadcasting activity with which interference existed is not being conducted) unless it first complies with the conditions provided herein for engaging with the initial operation of a broadcasting activity.



5.4 In addition to the specific obligations imposed by this Agreement, each party will endeavor in good faith to conduct its broadcasting activities in accordance with the intent of this

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Agreement and will cooperate with the other licensees so as to anticipate and prevent any objectionable interference.

5.5 Subject to the terms of Section 4 and this Section 5, Group W agrees that Lessee's present vertical and horizontal position shall remain the same during the entire term of this Lease.

6.1 At Group W's option Lessee agrees at the termination of this lease, or within thirty (30) days thereafter, to remove at its own expense from the Tower and from the Demised Premises, without damage to the Tower or the Demised Premises, all antennas, transmission lines and other particular installations made by Lessee or at Lessee's request which may be attached or connected to the Tower, and to restore the Demised Premises to their original condition. All such removal shall be accomplished in such a manner as to avoid any interference to Group W or any other lessee and the provisions of the subdivisions of Section 4 hereof shall be specifically applicable to such removal activities. Any property not so removed within sixty (60) days of the termination shall be deemed abandoned by the Lessee and may be removed by Group W at the cost and expense of the Lessee, unless otherwise agreed to by Group W and Lessee.

6.2 Neither this lease nor the term hereby demised shall be assigned or transferred by the Lessee, its successors or assigns, nor shall the Lessee sublease the whole or any part of the Demised Premises, without, in each case, the prior written consent of Group W being first had and obtained, which consent shall not be unreasonably withheld. This covenant not to assign or transfer this lease shall apply also to any involuntary transfer by operation of law, whether by execution, receivership, bankruptcy or otherwise.

7.1 Group W shall not be liable for any loss or damage to any operations, property or injury to any person at any time in the Demised Premises, or in any other part of the Tower, the microwave tower, or transmitter building by reason by theft or vandalism, any action of the elements or arising from fire, wind, explosion, water, rain, snow, steam, gases or electricity or electro-magnetic or radio-frequency radiation, or any casualty, no matter from what source the same may come, nor shall Group W be liable to the Lessee or to any other person for loss, damage or injury resulting from any strikes or any failure or inadequacy of power or equipment installed at any time in the buildings, Tower or any other portion of the Demised Premises. The Lessee shall give Group W prompt notice of any accident to or defects in the service equipment, facilities or other apparatus affecting the Demised Premises. Group W shall not be liable to the Lessee for any damage by reason of inconvenience, annoyance or injury to business, arising from the repairing of the Demised Premises or the Tower, or any equipment thereof. Group W shall not be liable for



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7.2 Lessee shall carry such additional insurance (other than required by Section 9.2) against such risks as it shall deem appropriate. Group W shall carry such insurance against such risks as it shall deem appropriate. Nothing herein contained shall be interpreted to impose any obligation of Group W to repair, replace or rebuild the Tower or any building or appurtenances which may be damaged or destroyed by any casualty, whether insured against or not, and all proceeds of all Group W's insurance, if any, shall be the sole property of Group W. However, Group W shall promptly notify Lessee of its intentions in the event of such damage.

8.1 If, during the term of this lease, all of the Demised Premises shall be taken as a result of the exercise of the power of eminent domain or if any part of the Demised Premises is so taken and the part not so taken is insufficient for the reasonable operation of the Lessee's business, then, in either of such events this lease and the term hereby granted shall cease and expire on the date when possession shall be taken thereunder of the premises or a part thereof.

8.2 In the event that only a part of the Demised Premises is so taken and the part not so taken shall be sufficient in the sole opinion of Group W for the reasonable operation of Lessee's business, this lease shall remain unaffected.

8.3 In the event of any taking referred to in Section 8.1 or 8.2 hereof, Group W shall be entitled to and shall receive the total award made in such proceedings, however, nothing herein provided to the contrary notwithstanding, Lessee shall be entitled to make claim for and obtain any award for the value of the lease, its personal property including the transmitting and receiving facilities and its antenna, and moving expenses, to the extent covered by the award.

8.4 In the event there is any destruction or damage to the Tower or any building or appurtenances as the result of any casualty, or if there is any taking of the Demised Premises as the result of the exercise of the power of eminent domain and, in the sole opinion of Group W, the part not so destroyed, damaged or taken, is insufficient for the reasonable operation of Group W's broadcasting activities and/or the broadcasting activities of other Group W lessees, and Group W elects not to restore the Tower to its previous condition, then Group W shall have the right to immediately terminate this lease effective upon notice to Lessee.

9.1 It is hereby expressly understood and agreed between Group W and the Lessee that all of Lessee's equipment or property which may be on the Demised Premises during the continuance of this lease is there at the sole risk and hazard of the Lessee and if damaged in any manner no part of said damage is to be charged to or borne by Group W in any case whatever regardless of cause.

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9.2 Lessee agrees that during the term of this lease or any renewal thereof it will, at its expense, provide insurance to pay, on behalf of Group W and the Lessee, all sums which they or either of them shall become legally obligated to pay as damages because of bodily injury or death resulting therefrom, including workmen's compensation, as applicable, and property damage, sustained by any person or corporation, arising out of the construction or installation referred to in Section 2 above, or maintenance, operation or use of the premises by the Lessee, including the use of the Tower, antennas or other equipment placed thereon, provided, that the Lessee's obligation to provide insurance against damages for bodily injury and death shall be limited to two million dollars (\$2,000,000) for each person, and to two million dollars (\$2,000,000) for each event, and that the Lessee's obligation to provide insurance against property damage shall be limited to five hundred thousand dollars (\$500,000) for each event. Lessee shall also deliver to Group W from time to time a certificate or other evidence of the maintenance of the aforesaid insurance or a copy of the policy, as Group W may request. Said policy shall contain a clause providing that said insurance shall not be cancelled except upon the giving of thirty (30) days written notice to Group W.

10.1 The Lessee agrees to indemnify and save harmless Group W against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management of or from any work or thing whatsoever done by the Lessee of its employees, agents or contractors in or about the Demised Premises, and will further indemnify and save Group W harmless against and from any and all claims arising from any breach or default on the part of the Lessee to be performed, pursuant to the terms of this lease, or arising from any act or negligence of the Lessee, or any of its employees, agents, or contractors or arising from any accident, injury of damage whatsoever caused to any person, firm or corporation occurring during the term of this lease in or about the Demised Premises as a result of such failure on Lessee's part or from its negligence, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against Group W by reason of any such claim, the Lessee upon notice from Group W covenants to resist or defend at Lessee's expense such action or proceeding by counsel reasonably satisfactory to Group W.

11.1 The Lessee covenants and agrees to pay, and to indemnify Group W against all legal costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in obtaining possession of the Demised Premises after any default of the Lessee or upon expiration or earlier termination of the term of this lease or in enforcing any covenant or agreement of the Lessee herein contained.

12.1 The Lessee shall pay all assessment and taxes during said term assessed against or levied upon any property of the Lessee situated in the Demised Premises which shall be or become a lien upon any of the buildings or the land upon which it is situated, and if the Lessee shall fail to pay the same, then Group W may pay the same for the account of the Lessee, and the Lessee shall pay Group W the amount thereof as additional rent. Should any equipment or fixtures be installed or affixed to or upon the Demised Premises, and should the taxes assessed upon or levied against the premises be increased on account of such equipment or fixtures, then the amount of such increases in taxes shall be paid by the Lessee to Group W as additional rent.

13.1 This lease is made upon the EXPRESS CONDITION that if the Lessee shall neglect or fail to perform any of the covenants, agreements or conditions herein contained on the Lessee's part to be performed or observed, or if the estate hereby created shall be taken on execution or other process of law, or if any assignment shall be made of the Lessee's property for the benefit of creditors, or if a receiver or other similar officer shall be appointed to take charge of any property of or to wind up the affairs of the Lessee, and if the proceeding in which said receiver or other similar officer is appointed and is not dismissed within ninety (90) days after such appointment, or if a petition in bankruptcy (including with hereby limiting the generality of the foregoing, a petition for corporate reorganization or other relief under the Bankruptcy Laws) shall be filed by or against the Lessee, then and in any one of the said cases and in the event of any breach of a material term or condition of this lease by the Lessee, Group W lawfully may immediately or at any time thereafter, as herein specified, enter into and upon the Demised Premises or any part thereof in the name of the whole and repossess the same as of the Lessor's former estate, and expel the Lessee and those claiming through or under the Lessee, and remove the effects of both or either (forcibly if necessary) without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for breach of covenant, and upon entry as aforesaid the Lessee's estate shall end.

14.1 Group W expressly makes no representation or warranty whatsoever concerning the applicability of the planning or zoning regulations of any governmental authority to Lessee's installation or operation of an antenna and its support equipment at the Site. In the event approval of such governmental authority is required, Lessee shall take all actions and bear all costs associated with the approval process. Nothing in this lease shall be binding upon Group W or Lessee which is or becomes contrary to governmental regulation. If such regulation materially impairs the ability of either party to perform under this lease, the lease shall immediately terminate; if such regulation does not materially impair the ability to either party to perform under this lease,

then this lease shall be modified to be in accord with such regulation and

shall otherwise continue in effect, except that no such modification shall require either party to expend any sum in excess of \$100,000 in order to comply.

15.1 Any notice or communication given pursuant to this lease shall be in writing and delivered or mailed certified or registered mail, postage prepaid (mailed notices shall be deemed given 5 days after mailing). All notices or communications (other than rent payments) shall be sent as follows:

If to Licensee:

Westinghouse Broadcasting Company, Inc.  
888 Seventh Avenue  
New York, New York 10106  
Attn: Vice President &  
General Counsel

With a copy to:

WMAQ-AM  
NBC Tower  
455 No. Cityfront Plaza  
Chicago, IL 60611  
Attn: Controller

If to Licensor:

Midwest Broadcasting of Chicago, Inc.  
620 Eola Road  
Aurora, IL 60504  
Attn: General Manager

With a copy to:

Beasley Broadcast Group  
3033 Riviera Drive  
Naples, FL 33940  
Attn: General Counsel

Rent Payments shall be sent as follows:

Westinghouse Broadcasting Company, Inc.  
c/o WMAQ-AM  
NBC Tower  
455 N. Cityfront Plaza  
Chicago, IL 60611  
Attn: Controller

16.1 This lease constitutes the entire agreement between the parties, superseding all previous agreements, negotiations and understandings whether oral or written. This lease may be amended or modified only by a writing signed by both parties. This lease was negotiated in New York City and shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

WESTINGHOUSE BROADCASTING COMPANY, INC.  
("GROUP W")

By: /s/ Illegible Signature  
-----

MIDWEST BROADCASTING OF CHICAGO, INC.  
-----  
("Lessee")

By: /s/ George G. Beasley, President  
-----

0056B

ATTACHMENT A

The property is legally described:

That part of Sections 22 and 27, Township 40 North, Range 10 East of the Third Principal Meridian, described by beginning at the northeast corner of the NE 1/4 of said Section 27; thence South along the East Line of said NE 1/4 Section 27, 1.35 ch. (89.10 feet); thence Westerly along a line parallel with the North line of said NE 1/4 of Section 27, 799.69 feet; thence North parallel with the East line and the East line extended South

of the SE 1/4 of said Section 22, 1549.40 ft. to the center line of Army Trail Road; thence Southeasterly along the center line of said road 809.25 feet to the East Line of said SE 1/4 of Section 22; thence South along said East line of the SE 1/4 of Section 22, 1303.24 feet to the Place of Beginning containing 27.0 acres, more or less, in DuPage County Illinois.

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OFFICE AND STUDIO LEASE

DATE OF LEASE	TERM OF LEASE		MONTHLY LEASE
	Beginning	Ending	
December 31, 1993	12/31/93	12/31/94	\$2,385.75

Location of Premises: A portion of 620 Eola Road, Aurora, Illinois 60504 (the "Building"), consisting of approximately 2801 square feet exclusive use, and 370 square feet common area, and occasional use of conference room, a more complete description of which is set forth in the attached sketches. (Exhibit A)  
(Beginning as provided in Paragraph 19, approximately 100 sq. ft. per Exhibit B.)

Purpose: Operation of an FM Radio Broadcasting Station Studio and Offices and no other purpose.

LESSEE:

WCKG, Inc.  
1400 Lake Hearn Drive, N.E.  
Atlanta, Georgia 30319

LESSOR:

BIG Broadcasting Company, Inc.  
c/o K. Richard Jakie  
1400 Douglas Avenue  
Elgin, Illinois 60120

In consideration of the mutual covenants and agreements herein stated, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor solely for the above purposes the premises designated above (the "Premises"), together with the appurtenances thereto, for the above Term.

1. RENT: Lessee shall pay Lessor or Lessor's agent as rent for the Premises the sum stated above, monthly in advance, until termination of this Lease, at Lessor's address stated above or such other address as Lessor may designate in writing.

2. HEAT: NON-LIABILITY OF LESSOR: Lessor will, when required by the season, furnish at its own expense heat and air conditioning for the demised Premises, except when prevented by accidents and delays beyond Lessor's reasonable control.

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3. HALLS: Lessor will cause the common areas, halls, corridors and other parts

of the Building adjacent to the Premises to be lighted, cleaned and generally cared for, accidents and delays beyond Lessor's reasonable control excepted.

4. RULES AND REGULATIONS: The rules and regulations at the end of this Lease constitute a part of this Lease, Lessee shall observe and comply with them, and also with such further reasonable rules and regulations as may later be required by Lessor for the necessary, proper and orderly care of the Building in which the Premises are located.

5. SURRENDER OF PREMISES: Lessee shall quit and surrender the Premises at the end of the term in as good condition as reasonable use thereof will permit, with all keys thereto, and shall not make any alterations in the Premises without the written consent of Lessor, which consent shall not be unreasonably withheld, and all alterations which may be made by either party thereto upon the Premises, except movable furniture and fixtures put in at the expense of Lessee, shall be the property of Lessor, and shall remain upon and be surrendered with the Premises as a part of thereof at the termination of this Lease.

6. NO WASTE OR MISUSE: At the termination of this Lease, Lessee shall restore the Premises to Lessor, with glass of like kind and quality in the several doors and windows thereof, entire and unbroken, as is now therein, and will not allow any waste of the water or misuse or neglect the water or light fixtures on the Premises, and will pay for all damage to the Premises, including damage to the premises of other tenants of the Building, caused by such waste or misuse.

7. TERMINATION, ABANDONMENT, RE-ENTRY, RELETTING: Within twenty days after termination of this Lease, by lapse of time or otherwise, Lessee agrees to yield up immediate and peaceable possession of the Premises to Lessor, and failing to do so, to pay as liquidated damages, for the whole time such possession is withheld, the sum of \$200.00 Dollars per day, and it shall be lawful for the Lessor or his legal representative at any time thereafter, without notice, to re-enter the Premises or any part thereof, either with or without process of law, to expel, remove and put out the Lessee or any person or persons occupying the same, using such force as may be necessary so to do, and to repossess and enjoy the Premises again as before this Lease, without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant; or in case the Premises shall be abandoned, deserted, or vacated, the Lessee hereby authorizes and requests the Lessor as Lessee's agent to re-enter the Premises and remove all articles found therein, place them in some regular storage warehouse or other suitable storage place, at the cost and expense of Lessee, and proceed to re-rent the Premises at the Lessor's option and discretion and apply all money so received after paying the expenses of such removal toward the rent accruing under this Lease. This request shall not in any way be construed as requiring any compliance therewith on the part of the Lessor.

8. LESSOR NOT LIABLE: Except as a result of Lessor's intentional acts, gross negligence or other events covered by Lessor's insurance (a "Permitted Event"), Lessor shall not be liable for any loss of property or defects in the Building or in the Premises, or any accidental damages to the person or property of the Lessee in or about the Building or the Premises, from water, rain or snow which may leak into, issue or flow from any part of the Building or the Premises, or from the pipes or plumbing works of the same. Except in connection with a Permitted Event, the Lessee hereby covenants and agrees to make no claim for any such loss or damage at any time. The Lessor shall not be liable for any loss or damage of or to any property placed in any storeroom or storage place in the Building, such storeroom or storage place being furnished gratuitously, and no part of the obligations of this Lease.

9. QUIET ENJOYMENT: Lessor agrees and covenants that Lessee, upon paying the rent and satisfying its other obligations hereunder, shall be permitted to occupy the Premises for the duration of this Lease without hinderance or interference by Lessor or any person or entity claiming under Lessor.

10. PLURALS; SUCCESSORS: The words "Lessor" and "Lessee" wherever used in this Lease shall be construed to mean Lessors or Lessees in all cases where there is more than one Lessor or Lessee, and to apply to individuals, male or female, or to firms or corporations, as the same may be described as Lessor or Lessee herein, and the necessary grammatical changes shall be assumed in each case as though fully expressed. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

11. Except as provided in this Section 11, neither party may assign its rights or obligations under this Lease without the prior written consent of the other party. Lessee hereby agrees that Lessor may assign its rights and obligations under this Lease to any party that acquires substantially all of the assets of radio broadcast station WBIG(AM), Aurora, Illinois, from Lessor without the prior written consent of Lessee. Lessor hereby agrees that Lessee may assign its rights and obligations under this Lease to any party that acquires substantially all of the assets of radio broadcast station WYSY-FM, Aurora, Illinois, from Lessee without the prior written consent of Lessor.

12. This Lease may be terminated by Lessee on not less than 30 days written notice to Lessor.

13. Lessor will provide gas and electricity, and Lessee will pay 58% of the monthly amount of these utilities during the term of the Lease, on provision by the Lessor of the paid bills to the Lessee; provided; however, that Lessee shall not be responsible for any gas or electricity charges related to the WBIG(AM) transmission facility.



14. Lessee will maintain employees on the Premises during usual business hours, who will be responsible for security to the Premises during the absence of the Lessor and its agents and employees.
15. Normal capital repairs and improvements and maintenance to the Building and the Premises will be provided by the Lessor during the term of the Lease.
16. REPRESENTATIONS AND WARRANTIES: Each party represents and warrants to the other party that:
- (a) it has full corporate power and authority to enter into and perform this Lease and the transactions contemplated hereby;
  - (b) the execution, delivery and performance of this Lease by such party have been duly and validly authorized by all necessary corporate action on its part;
  - (c) this Lease has been duly executed and delivered by such party and constitutes its valid and binding obligation enforceable in accordance with its terms;
  - (d) such party's execution, delivery and performance of this Lease (i) do not require the consent of any third party, (ii) will not violate any provisions of such party's corporate charter or bylaws, (iii) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation, or ruling of any governmental authority, and (iv) will not either alone or with the giving of notice or the passage of time or both, conflict with, constitute grounds for termination of, or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, instrument, license or permit to which it is now subject.
17. Lessee hereby agrees to indemnify and hold Lessor harmless of, from, and against any and all claims, costs, expenses, damages and liabilities, including reasonable attorneys' fees, incurred by Lessor and resulting from or incident to the use, operation or maintenance of the Premises by Lessee or Lessee's agents during the term of this Lease or the failure by Lessee to satisfy its obligations hereunder. Lessor hereby agrees to indemnify and hold Lessee harmless of, from, and against any and all claims, costs, expenses, damages and liabilities, including reasonable attorneys' fees, incurred by Lessee and resulting from or incident to the use, operation or maintenance of the Building by Lessor or Lessor's agents during the term of this Lease or the failure by Lessor to satisfy its obligations hereunder.
18. This Lease shall be governed by and construed in accordance with the laws of the State of Illinois.

19. Commencing upon the termination of this Lease with respect to the Premises, Lessor shall lease to Lessee, on the terms and conditions specified in this Lease, except to the extent modified by this Section 19, approximately 100 square feet of space in the Building, which space is more particularly described on Exhibit B hereto, for the purpose of Lessee's operation of a main studio and public reference room for its FM station (the "Main Studio Lease"). The term of the Main Studio Lease shall be ten years (the "Initial Term"); provided, however, that the term of the Main Studio Lease shall be automatically extended for an additional five (5) year period if neither Lessor nor Lessee gives written notice to the other of its intention to terminate the Main Studio Lease before the date that is ninety (90) days prior to the end of the Initial Term; and provided further that, the Main Studio Lease shall be automatically extended for an additional five (5) year period at the end of such five (5) year extension period if neither Lessor nor Lessee gives written notice to the other of its intention to terminate the Main Studio Lease before the date that is ninety (90) days prior to the expiration of such five (5) year extension period. The annual rent for the Main Studio Lease shall be \$2,500.00 payable yearly in advance. Lessee shall also pay Lessor 10% of the monthly cost of gas and electricity for the Building on provision by the Lessor of the paid bills to Lessee. Upon the commencement of the Main Studio Lease, the term "Premises" as used in this Lease shall be deemed to mean the space described on Exhibit B hereto for all purposes under this Lease.

20. Counterparts. This agreement may be signed in multiple counterparts, all of which together shall constitute one agreement binding on the other parties hereto.

WITNESS the hands and seals of the parties hereto, as of the Date of Lease stated above.

WCKG, Inc.

BIG Broadcasting Company, Inc.

By: /s/ Robert F. (illegible)  
-----  
Lessee

By: \_\_\_\_\_  
Lessor

19. Commencing upon the termination of this Lease with respect to the Premises, Lessor shall lease to Lessee, on the terms and conditions specified in this Lease, except to the extent modified by this Section 19, approximately 100 square feet of space in the Building, which space is more particularly described on Exhibit B hereto, for the purpose of Lessee's operation of a main studio and

public reference room for its FM station (the "Main Studio Lease"). The term of the Main Studio Lease shall be ten years (the "Initial Term"); provided, however, that the term of the Main Studio Lease shall be automatically extended for an additional five (5) year period if neither Lessor nor Lessee gives written notice to the other of its intention to terminate the Main Studio Lease before the date that is ninety (90) days prior to the end of the Initial Term; and provided further that, the Main Studio Lease shall be automatically extended for an additional five (5) year period at the end of such five (5) year extension period if neither Lessor nor Lessee gives written notice to the other of its intention to terminate the Main Studio Lease before the date that is ninety (90) days prior to the expiration of such five (5) year extension period. The annual rent for the Main Studio Lease shall be \$2,500.00 payable yearly in advance. Lessee shall also pay Lessor 10% of the monthly cost of gas and electricity for the Building on provision by the Lessor of the paid bills to Lessee. Upon the commencement of the Main Studio Lease, the term "Premises" as used in this Lease shall be deemed to mean the space described on Exhibit B hereto for all purposes under this Lease.

20. Counterparts. This agreement may be signed in multiple counterparts, all of which together shall constitute one agreement binding on the other parties hereto.

WITNESS the hands and seals of the parties hereto, as of the Date of Lease stated above.

WCKG, Inc.

BIG Broadcasting Company, Inc.

By: \_\_\_\_\_  
Lessee

By: /s/ K. Richard illegible  
\_\_\_\_\_  
Lessor

RULES AND REGULATIONS

1. No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the outside or inside of Building, except on the glass of the doors and windows of the room leased and on the directory board, and then only of such color, size, style and material as shall be first specified by the Lessor in writing. No showcase shall be placed in front of Building by Lessee, without the written consent of Lessor. The Lessor reserves the right to remove all other signs and showcases without notice to the Lessee, at the expense of the Lessee. At the expiration of the term Lessee is to remove all of its signs from such windows, doors and directory board.

2. Lessee shall not put up or operate any steam engine, boiler, machinery or stove upon the Premises, or carry on any mechanical business on Premises, or use or store inflammable fluids in the Premises without the written consent of the Lessor, and all stoves which may be allowed in the Premises shall be placed and set up according to the city ordinance.

3. No additional locks shall be placed upon any doors of said room without the written consent of the Lessor; and the Lessee will not permit any duplicate keys to be made (all necessary keys to be furnished by the Lessor) and upon the termination of this lease, Lessee will surrender all keys of Premises and Building.

4. All safes shall be carried up or into Premises at such times and in such a manner as shall be specified by the Lessor; the Lessor shall in all cases retain the power to prescribe the proper position of such safes.

5. No person or persons other than the janitor of this Building shall be employed by Lessee for the purpose of taking charge of the Premises without the written consent of Lessor. Any person or persons so employed by Lessee (with the written consent of the Lessor) must be subject to and under the control and direction of the janitor of the Building in all things relating to the Building and the Premises. The agent and janitor of the Building shall at all times keep a pass key and be allowed admittance to the Premises, to cover any emergency of fire, or required examination that may arise.

6. The Premises leased shall not be used for the purpose of lodging or sleeping rooms or for any illegal purposes.

7. The rent of an office will include occupancy of office, water to Lessor's standard fixtures, heat, and air conditioning, except as otherwise provided herein.

8. If Lessee desires telegraphic or telephonic connections, the Lessor will direct the electricians as to where and how the wires are to be introduced, and without such written directions endorsed on this

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lease no boring or cutting for wires will be permitted.

9. If Lessee desires Venetian or other awnings or shades over and outside of the windows, to be erected at the Lessee's expense, they must be of such shape, color, material and make as may be prescribed by the Lessor in writing.

10. The light through the transoms opening into the hall shall not be obstructed by the Lessee. Birds, dogs, or other animals shall not be allowed in the Building. All tenants and occupants must observe strict care not to leave their windows open when it rains or snows, and for any default or carelessness in these respects, or any of them, shall make good all injuries sustained by

other tenants, and also all damage to the Building resulting from such default or carelessness.

11. No packages, merchandise or other effects shall be allowed to remain in the halls at any time.

12. The Lessor reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needful for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

13. It is understood and agreed between the Lessee and the Lessor that no assent or consent to change in or waiver of any part of this lease has been or can be made unless done in writing and signed by the Lessor and Lessee; and in such case it shall operate only for the time and purpose expressly stated therein.

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EXHIBIT A (p.1)

MAIN  
FLOOR  
PLAN

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Exhibit A (p.2)

UPPER LEVEL

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EXHIBIT B

UPPER LEVEL

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SCHEDULE 1.2 (f)  
TO WYSY-FM  
ASSET PURCHASE AGREEMENT

OFFICE LEASE

Attached.

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M & J WILKOW MANAGEMENT CORPORATION

-----

LEASE

TENANT: Infinity Broadcasting Corporation of Illinois  
a Delaware corporation

PREMISES: Suite 1200

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EXHIBITS:

- Exhibit A - Floor Plan
- Exhibit B - Guaranty
- Exhibit C - Rules and Regulations
- Exhibit D - Satellite & Microwave Antenna License Agreement

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THIS LEASE, made and entered into as of this 7th day of July 1992 by and  
 between M&J WILKOW MANAGEMENT CORPORATION, as agent for the beneficiary of  
 American National Bank and Trust Company of Chicago, as Trustee under Trust  
 No. 32115

(hereinafter referred to as "Landlord") and Infinity Broadcasting  
 Corporation of Illinois, a Delaware corporation d/b/a (hereinafter referred to  
 as "Tenant"); radio stations WJJD and WJMK

W I T N E S S E T H:

1. DEFINITIONS.

For the purpose of this Lease, the terms set forth below shall have the meanings or be assigned the amounts corresponding thereto:

- A. Building 180 North Michigan Avenue, Chicago, Illinois
- B. Premises Suite 1200 as shown outlined on the floor plan attached hereto as Exhibit "A" on the 12th floor of the Building.
- C. Commencement Date June 1 1992
- D. Termination Date May 31 2002
- E. Term Ten (10) years

F. Tax Base	An amount equal to actual Taxes attributable to calendar ----- year 1992 -----
G. Expense Base(1)	An amount equal to actual Expenses attributable to ----- calendar year 1992 -----
H. Base CPI Amount	\$39,261.51 -----
I. Initial CPI Adjustment Date	June 1 ----- 1993
J. Base CPI Date	June 1 ----- 1992
K. Tenant's Proportion	4.28% -----
L. Security Deposit	\$26,174.00 -----
M. Rentable Area of Premises	9,238 square feet -----
N. Rentable Area of Building	216,010 square feet -----
O. Cooperating Broker	M & J Wilkow Brokerage Services Corporation -----
P. Use	radio broadcasting studios, production and transmission ----- facilities and related offices -----
Q. Managing Agent	M & J Wilkow Management Corporation 180 North Michigan Avenue Chicago, Illinois 60601
R. Annual Base Rental	\$157,046.04(2) -----
S. Monthly Base Rental	\$13,087.17(2) -----
T. Rent	A collective term for Base Rent, Rent Adjustment Deposits, Rent Adjustments and all other amounts becoming due from Tenant to Landlord hereunder.
U. Tenant Address	The Premises -----  (if not the Premises) -----

See Inserts (1) and (2) on page 2(a) hereof.



Insert (1)

In determining the Expense Base, Landlord shall have the right to amortize certain Expenses over a period of years and to make equitable adjustments where an actual line item increment of Expenses in a particular year is not representative of what is typical for a calendar year.

Insert (2)

Base Rental shall be abated during the period June 1, 1992 through May 31, 1993 ("Abatement Months"). Such Base Rental otherwise due and payable for the Abatement Months. In addition to all other remedies provided herein, shall become immediately due and payable to Landlord upon the occurrence of a material event of default by Tenant under this Lease, which occurrence is prior to May 31, 1995.

2(a)

2. LEASE OF PREMISES AND TERM.

Landlord hereby leases to Tenant, and Tenant accepts the Premises set forth in Section 1 and being described in the plan attached hereto as Exhibit "A" in the Building for the Term set forth in Section 1 hereof, unless sooner terminated as provided herein, commencing on the Commencement Date and ending on the Termination Date. The Premises shall be occupied and used by the Tenant for the Use as defined in Section 1 hereof and no other purpose, subject to the terms and conditions herein contained. If the Commencement Date falls on a day other than the first day of the calendar month, the Term shall end on the day which is ten (10) years from the last day of the calendar month in which the Commencement Date falls.

3. RENT.

The Tenant shall pay as "Base Rent" to the Managing Agent at the address set forth in Section 1 hereof or to such other person or at such other place as Landlord may direct in writing, the Annual Base Rental in equal monthly installments in the amount of the Monthly Base Rental in advance on or before the first day of each month of the Term, except that the first payment of Monthly Base Rental shall be due and payable concurrently with the execution of this Lease by Tenant and Landlord. All such rent shall be paid without any notice or demand, and without abatement (except as otherwise provided in this Lease) set-off or deduction whatsoever. Unpaid rent shall be subject to a late charge pursuant to Section 32.M and shall also bear interest at the rate set forth in Section 21.I hereof, from the date due until paid.

4. BASE RENT ADJUSTMENT.

In addition to the Base Rent, the Tenant shall pay as additional rent, the "Rent Adjustments" (as hereinafter defined) without set-off or deduction to the Managing Agent in the manner hereinafter set forth. The Rent Adjustments shall be abated during the period June 1, 1992 through May 31, 1993 ("Abatement Months"). Such Rent Adjustments otherwise due and payable for the Abatement Months, in addition to all other remedies provided herein, shall become immediately due and payable to Landlord upon the occurrence of a material event of default by Tenant under the Lease, which occurrence is prior to May 31, 1995.

A. For the purposes of this Lease:

(i) The term "Calendar Year" shall mean each calendar year or a portion thereof during the Term.

(ii) The term "Expenses" shall mean and include all expenses, costs, fees and disbursements paid or incurred by or on behalf of the Landlord for owning, managing, operating, maintaining and repairing the Building and the personal property used in conjunction therewith (said Building and personal property being herein collectively called the "Project"), including (without limitation) the cost of electricity, steam, water, sewer, gas, fuel, heating, lighting, air conditioning, window cleaning, janitorial services, insurance, including but not limited to, fire, extended coverage, liability, workmen's compensation, elevator, or any other insurance carried by the Landlord and applicable to the Project, painting, uniforms, management fees, supplies, sundries, sales or use taxes on supplies or services, cost of wages and salaries of all persons engaged in the operation, administration, maintenance and repair of the Project, and fringe benefits, including social security taxes, unemployment insurance taxes, cost for providing coverage for disability benefits, cost of any pensions, hospitalization, welfare or retirement plans, or any other similar or like expenses incurred under the provisions of any collective bargaining agreement, or any other cost or expense which Landlord pays or incurs to provide benefits for employees so engaged in the operation, administration, maintenance and repair of the Project, the charges of any independent contractor who, under contract with the Landlord or its representatives, does any of the work of operating, maintaining or repairing of the Project, legal and accounting expenses, or any other expense or charge, whether or not hereinbefore mentioned, which in accordance with generally accepted accounting or management principles would be considered as an expense of owning, managing, operating, maintaining or repairing the Project. Expenses shall not include costs or other items included within the meaning of the term "Taxes" (as hereinafter defined), cost of alterations, restorations of the premises of tenants of the Building, costs of capital improvements to the Building, depreciation charges, interest and principal payments on mortgages (and any fees or charges imposed for late payment of any such amounts), ground rental payments, commissions or concessions to tenants, advertising costs to procure tenants, interest, penalties, or fees paid for the late payment of any amount otherwise within the definition of Expenses or any Taxes, compensation paid to any officer, executive or partner of Landlord or

its agents, or their respective affiliates, overhead expenses for Landlord's personnel not directly or regularly involved in the management of the Project, any cost (including Taxes) that is reimbursed to Landlord by tenants or that is separately charged to and payable by tenants, cost of repairs or other work occasioned by casualty which cost is reimbursed by insurance, costs relating to maintaining Landlord's existence as any particular legal entity, expenses directly resulting from Landlord's gross negligence or willful misconduct or any violation by Landlord of the terms of any lease for space in the Building, expenses of enforcing or negotiating the terms of tenant leases (including legal and experts' fees), and real estate brokerage and leasing commissions, except as hereinafter otherwise provided.

Notwithstanding anything contained in this clause (ii) of Section 4.A to the contrary,

(a) The cost of any capital improvements to the Building made after the date of this Lease which usually reduce Expenses or which are required under any governmental laws, regulations, insurance requirements or ordinances which were not applicable to the Building at the time this Lease was executed, amortized over such reasonable period as Landlord shall determine, together with interest on the unamortized cost of any such improvement (at the corporate base interest rate in effect at the First National Bank of Chicago on the date the cost of such improvement was incurred) shall be included in Expenses.

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(iii) The term "Rent Adjustments" shall mean all amounts owned by Tenant as additional rent pursuant to Section 4.B.

(iv) The term "Rent Adjustment Deposit" means an amount equal to Landlord's estimate of Rent Adjustments due for any Calendar Year.

(v) The term "Taxes" shall mean real estate taxes, assessments, sewer rents, rates and charges, transit taxes, taxes based upon the receipt of rent, and any other federal, state or local governmental charge, general, special, ordinary or extraordinary (but not including general income or franchise taxes [other than the Illinois Personal Property Replacement Income Tax] or any other taxes imposed upon or measured by income or profits, unless the same shall be imposed in lieu of Taxes as herein defined or unless same shall be specifically imposed upon income derived from rents), which may now or hereafter be levied or assessed against the Project or any portion thereof for any Calendar Year during the Term. In case of special Taxes or assessments which may be payable in installments, only the amount of each installment paid during a Calendar Year shall be included in Taxes for such Calendar Year. Except as provided in the preceding sentence, all

references to Taxes "for" a particular year shall be deemed to refer to taxes levied, assessed or otherwise imposed for such year without regard to when such taxes are payable. Taxes shall also include any personal property taxes (attributable to the year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems and appurtenances used in connection with the operation of the Building. Taxes also include the Landlord's reasonable costs and expenses (including reasonable attorney's fees) in contesting or attempting to reduce any Taxes. Notwithstanding anything contained in this clause (v) of Section 4.A to the contrary, if at any time the method of taxation then prevailing shall be altered so that any new or additional tax assessment, levy, imposition or charge or any part thereof shall be imposed upon Landlord in place or partly in place of any such Taxes, or contemplated increase therein or in addition to any such Taxes, and shall be measured by or be based in whole or in part upon the Real Property or the rents or other income therefrom, then all such new taxes, assessments, levies, impositions or charges or part thereof, to the extent that they are so measured or based, shall be included in Taxes levied, imposed or assessed against the Real Property to the extent that such items would be payable if the Real Property were the only property of Landlord subject thereto and the income received by Landlord from the Real Property were the only income of Landlord.

(vi) "Consumer Price Index" or "CPI" means the Consumer Price Index for Chicago, Illinois for All Urban Consumers, all Items of the United States Bureau of Labor Statistics (1982 - 84 = 100). If the Bureau of Labor Statistics substantially revises the manner in which the Consumer Price Index is determined, an adjustment shall be made in the revised index which would produce results equivalent, as nearly as possible, to those which would be obtained if the Consumer Price Index had not been so revised. If the 1982 - 84 average shall no longer be used as an index of 100, such change shall constitute a substantial revision. If the Consumer Price Index becomes unavailable to the public because publication is discontinued, or otherwise, Landlord shall substitute therefor, a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index is available, then a comparable index published by a major bank, other financial institution, university or recognized financial publication.

(vii) The "Rentable Area of the Building" set forth in Section 1N of this Lease is the sum of the areas on all floors of the Building computed by measuring the inside face of the exterior glass or finished column or exterior wall of the Building on each entire floor, plus mechanical space, common service areas available for use by all tenants in the Building, reception and lobby areas, vending machine and commissary areas and loading docks and excluding only public stairs, elevator shafts, flues, stacks, pipe shafts and vertical ducts measured from the outside wall surface of such spaces ("vertical penetrations"). No deduction shall be made for columns or projections necessary to the Building.

(viii) the "Rentable Area of the Premises" set forth in Section 1M of this Lease is (A) if this Lease is for an entire floor, the area of the entire floor measured to the inside finished surface of the exterior glass or finished column or exterior wall of the Building, excluding vertical penetrations, plus a proportionate share of the Building mechanical space and common service areas in the Building, or (B) if this Lease is for less than an entire floor, the area measured from the inside finished surface of the exterior glass or finished column or exterior wall of the Building to the center line of all demising partitions and to the inside finished surface of the office side of corridor and other permanent walls, plus (a) a proportionate share of public areas (including corridors, elevator lobbies, toilets, mechanical spaces and janitor, electrical and telephone closets) on the floor housing the Premises and (b) a proportionate share of mechanical space and common service areas in the Building. In making the calculations pursuant to (A) or (B) above, no deduction shall be made for columns or projections necessary to the Building.

(ix) the "Tenant's Proportion" set forth in Section 1K of this Lease is the percentage obtained by dividing the Rentable Area of the Premises by the Rentable Area of the Building.

B. The amount of Rent Adjustments due and payable under this Lease shall be calculated as follows:

The Rent Adjustments shall be abated during the period June 1, 1992 through May 31, 1993 ("Abatement Months"). Such Rent Adjustments otherwise due and payable for the Abatement Months, in addition to all other remedies provided herein, shall become immediately due and payable to Landlord upon the occurrence of a material event of default by Tenant under the Lease, which occurrence is prior to May 31, 1995.

(i) In the event that the amount of Expenses attributable to any Calendar Year shall be greater than the Expense Base, then the Tenant shall pay to the Landlord as additional rent the Tenant's Proportion of such excess (said amount being the "Expense Rent Adjustment");

(ii) In the event that the amount of taxes attributable to any Calendar Year shall be greater than the Tax Base, then the Tenant shall pay to the Landlord, as additional rent, the Tenant's Proportion of such excess (said amount being the "Tax Rent Adjustment"); and

(iii) Commencing on the Initial CPI Adjustment Date and for each

Calendar Year thereafter; an amount equal to the Base CPI Amount multiplied by the percentage increase, if any, in the Consumer Price Index for January of each such Calendar Year over the Consumer Price Index for the Base CPI Date (said amount being called the "CPI Rent Adjustment"). All Rent Adjustments shall be pro rated to the extent any part of a Calendar Year is outside the period of the Lease Term.

C. As soon as reasonably feasible after the expiration of each Calendar Year and after the Taxes for such Calendar Year are determined, Landlord shall furnish to Tenant a statement ("Tax Adjustment Statement") showing the following: (i) Taxes for such Calendar Year, (ii) the Tax Rent Adjustment due Landlord for such Calendar Year, less credits for Rent Adjustment Deposits for Taxes, if any, paid for such Calendar Year, and (iii) the Rent Adjustment Deposit for Taxes due for the current Calendar Year. Within thirty (30) days after Tenant's receipt of each Tax Adjustment Statement, Tenant shall pay Landlord: (1) the Tax Rent Adjustments shown on said Statement to be due Landlord for the Calendar Year last ended, plus (2) the amount, which when added to the Rent Adjustment Deposits for Taxes theretofore paid in the current Calendar Year would provide that Landlord has then received such portion of the Rent Adjustment Deposit for Taxes as would have theretofore been paid to Landlord had Tenant paid one-twelfth (1/12) of the Rent Adjustment Deposit for Taxes shown on said Statement, for the current Calendar Year, to Landlord monthly on the first day of each month of such Calendar Year. Commencing on the first day of the first month after Tenant's receipt of such Tax Adjustment Statement, and on the first day of each month thereafter until Tenant receives a more current Tax Adjustment Statement, Tenant shall pay to Landlord one-twelfth (1/12) of the Rent Adjustment Deposit for Taxes shown on said Statement. During the last complete Calendar Year, Landlord may include in the Rent Adjustment Deposit for Taxes its estimate of the Tax Rent Adjustment which may not be finally determined until after the expiration of the Term. The Tenant's obligation to pay the Tax Rent Adjustment shall survive the Term.

D. As soon as reasonably feasible after the expiration of each Calendar Year, Landlord will furnish Tenant a statement ("Expense Adjustment Statement") showing the following: (i) Expenses attributable to the Calendar Year last ended; (ii) the Expense Rent Adjustments due Landlord for the Calendar Year last ended, less credits for Rent Adjustment Deposits for Expenses paid, if any paid for such Calendar Year; and (iii) the Rent Adjustment Deposit for Expenses due for the current Calendar Year. Within thirty (30) days after Tenant's receipt of each Expense Adjustment Statement, Tenant shall pay to Landlord: (1) the Expense Rent Adjustments shown on said Statement to be due Landlord for the Calendar Year last ended; plus (2) the amount, which when added to the Rent Adjustment Deposit for Expenses theretofore paid in the current Calendar Year would provide that Landlord has then received such portion of



the Rent Adjustment Deposit for Expenses as would have theretofore been paid to Landlord had Tenant paid one-twelfth (1/12) of the Rent Adjustment Deposit for Expenses shown on said Statement for the current Calendar Year, to Landlord monthly on the first day of each month of such Calendar Year. Commencing on the first day of the first month after Tenant's receipt of each Expense Adjustment Statement, and on the first day of each month thereafter until Tenant receives a more current Expense Adjustment Statement, Tenant shall pay to Landlord one-twelfth (1/12) of the Rent Adjustment Deposit for Expenses shown on said Statement. During the last complete Calendar Year, Landlord may include in the Rent Adjustment Deposit for Expenses its estimate of the Expense Rent Adjustment which may not be finally determined until after the expiration of the Term. The Tenant's obligation to pay the Expense Rent Adjustment shall survive the Term.

E. Tenant shall pay the CPI Rent Adjustment commencing on the Initial CPI Adjustment Date, as follows:

(i) Tenant shall pay Landlord on or before the first day of each month of each Calendar Year an amount equal to one-twelfth (1/12) of the CPI Rent Adjustment. Landlord shall furnish Tenant a notice ("CPI Notice") showing the Consumer Price Index and the amount of Tenant's CPI Rent Adjustment for each Calendar Year after Landlord shall have determined the percentage increase of the Consumer Price Index to be used in calculating the CPI Rent Adjustment for that Calendar Year.

(ii) Until such time as Landlord furnishes a CPI Notice, Tenant shall continue to pay to Landlord monthly installments of CPI Rent Adjustment in an amount equal to the latest monthly installment of CPI Rent Adjustment. On or before the first day of the next calendar month following the Landlord's service of a CPI Notice, Tenant shall pay amounts owed by Tenant if any, for monthly installments of CPI Rent Adjustment retroactive to the beginning of the period covered by such CPI Notice. Amounts previously paid by Tenant in excess of the CPI Rent Adjustment if any, shall be credited against installments of CPI Rent Adjustment payable after date of the CPI Notice until exhausted.

F. Tenant's payment of the Rent Adjustment Deposits for each Calendar Year shall be credited against the applicable Rent Adjustments for such Calendar Year. All Rent Adjustment Deposits need not be kept separate and apart and no interest shall be paid to Tenant thereon. If the Rent Adjustment Deposit paid by Tenant for any Calendar Year exceeds the applicable Rent Adjustments for such Calendar Year, then Landlord shall give a credit to Tenant in an amount equal to such excess against the applicable Rent Adjustments due for the next succeeding Calendar Year, except that if any such excess relates to the last Calendar Year of the Term, then Landlord shall refund such excess to Tenant promptly provided that all of the following have first occurred:

(i) the Term has expired or otherwise been terminated;

(ii) Tenant has vacated the Premises and removed all of its

property and improvements therefrom in accordance with this Lease;

(iii) Tenant has surrendered the Premises to Landlord in accordance with this Lease; and

(iv) Tenant has paid all Base Rent and Rent Adjustments due under this Lease and has fully performed and observed each and every covenant and condition of this Lease required to be performed or observed by Tenant.

G. Landlord agrees to keep accurate books and records with respect to all items relating to the Adjustment Statements, in accordance with sound and generally accepted accounting principles consistently applied. The Tenant or its accountant shall have the right to examine the Landlord's books and records in the office of the Managing Agent with respect to the items in the Adjustment Statements during normal business hours at any time within sixty (60) days following the furnishing by the Landlord to the Tenant of such Adjustment Statement.

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Unless the Tenant shall take written exception to any item within thirty (30) days after the furnishing of the foregoing statement, such statement shall be considered as final and accepted by the Tenant. Any amount due to the Landlord as shown on any such statement whether or not written exception is taken thereto, shall be paid by the Tenant within thirty (30) days after the Landlord shall have submitted the statement without prejudice to any such written exception; provided, that if Tenant, in addition to or instead of examining Landlord's books and records, requests to have such books and records audited, such audit shall be permitted, at Tenant's expense by a certified public account reasonably acceptable to each of Tenant and Landlord; and provided, further, that if such audit discloses an overpayment by Tenant of more than 4% in the annual Expenses and Taxes, then the reasonable expenses of such audit shall be paid by the Landlord, in addition to the reimbursement by Landlord of the full amount of such overpayment. In no event shall any Rent Adjustment result in a decrease of the Base Rent payable hereunder. Landlord represents and warrants that the amount of the Tax and Expense Base reflects the actual cost and operation of the Building and the payment of actual Expenses and Taxes subject to footnote (1) on page 2(a).

H. If the Commencement Date is on any other than the first day of January, or if the Termination Date is on any day other than the last day of December, any Rent Adjustments due Landlord for the Calendar Year in which such Commencement Date or Termination Date occurs shall be prorated.

## 5. SERVICE.

A. The Landlord shall, so long as Tenant is not in default under any covenant or condition herein contained, furnish:



(i) Heating and air cooling when necessary to provide a temperature condition for comfortable occupancy (subject to Presidential and governmental restrictions and regulations on energy use) daily, in season, from 8:00 a.m. to 6:00 p.m. and on Saturdays 8:00 a.m. to 1:00 p.m., Sundays and holidays excepted.

(ii) Cold water in common with other Tenants from City mains for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent, and warm water for lavatory purposes from the regular supply of the Building. Tenant shall pay Landlord at rates fixed by Landlord for water furnished for any other purpose, and Landlord may install a water meter at Tenant's sole cost to measure such usage. Tenant shall not waste or permit the waste of water.

(iii) Customary janitor service and cleaning in and about the Premises Saturdays, Sundays and holidays, excepted. The Tenant shall not provide any janitor services or cleaning without Landlord's written consent and then only subject to supervision of Landlord and at Tenant's sole responsibility and by janitor or cleaning contractor or employees at all times satisfactory to Landlord.

(iv) Passenger elevator services in common with Landlord and other tenants, on a daily basis, Sundays and holidays excepted. Landlord shall provide limited passenger elevator service daily at all times during which such normal passenger service is not furnished. Operatorless automatic elevator service shall be deemed "elevator service" within the meaning of this paragraph.

(v) Electricity if and so long as Landlord generates or distributes electric current for light and power in the Building. So long as Landlord provides electricity in the Building Tenant shall obtain all current used in the Premises from Landlord and shall pay Landlord's charges therefor within ten (10) days after the rendering of each statement of account unless otherwise specified in the Landlord's statement of account. Tenant's failure to pay promptly Landlord's charges for electricity shall entitle Landlord, upon not less than ten (10) days' notice to discontinue furnishing current to Tenant. Landlord's obligation to provide electricity is subject to the condition that at all times Tenant's use of electric current shall never exceed the capacity of existing feeders to the Building or the risers or wiring or installations of the Building which serve the Premises. Upon not less than thirty (30) day's notice, Landlord may cease to furnish electricity to Tenant without responsibility to Tenant except to connect within the thirty (30) day period, the electric wiring system of the Premises with another source of supply of electricity and to install separate electric meters for the Premises. All electricity used during janitorial service, alterations and repairs in the Premises shall be paid for by Tenant, except for electricity used during periods when Landlord is making repairs or other alterations pursuant to Sections 14 or 15.

B. Tenant shall make arrangements directly with the telephone company servicing the Building for such telephone service in the Premises as may be

desired by Tenant. Any telegraphic, telephonic, burglar alarm, computer installations or signal service desired by Tenant shall require the prior written approval of Landlord, if such approval is

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given. Landlord shall promptly direct where and how all connections and wiring for such service shall be introduced and run. Subject to the foregoing, any such service shall be installed and maintained by Tenant at Tenant's sole expense. In the absence of Landlord's prior written consent, Tenant shall make no borings or cutting or install any wires or cables in or about the Premises.

C. Landlord shall provide such extra or additional services as it is reasonably possible for Landlord to provide and as Tenant may from time to time request, within a reasonable period after the time such extra or additional services are requested, provided, that if extra or additional elevator or heating and air conditioning services are requested. Landlord shall not be required to furnish any such services unless Landlord has received advance notice from Tenant requesting such services at least two (2) working days prior to the day upon which such services are requested. If Tenant fails to give Landlord such advance notice, then, whether or not the Premises are inhabitable during such periods, failure by Landlord to furnish or distribute any such services during such periods shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business or otherwise. Tenant shall pay Landlord additional rent for such services at the standard rates then fixed by Landlord for the Building or, if no such rates are then fixed, at reasonable rates. If more than one tenant utilizing the same system as Tenant requests the same services call for the same periods as Tenant, the charge to Tenant shall be adjusted pro rata. All charges for such extra or additional services shall be due and payable at the same time as the installment of Rent with which they are billed.

D. If Tenant fails to promptly pay Landlord's charges for water or other services, Landlord upon ten (10) days' notice, may in addition to any other remedy provided in this Lease, discontinue furnishing such water or services. No such discontinuance shall be deemed an eviction or disturbance of Tenant's use of the Premises or render Landlord liable for damages or relieve Tenant from any obligation under this lease.

E. Landlord reserves the right to temporarily stop the service of the heating, ventilating and air conditioning system ("HVAC System") or the elevator, electrical, plumbing or other mechanical systems or facilities in the Building when necessary, by reason of accident or emergency, or for repairs, additions, alterations, replacements, improvements in the judgment of Landlord desirable or necessary to be made until said repairs, alterations, replacements or improvements shall have been completed. Should any of the equipment or machinery used to provide any of the foregoing service break down or for any

cause or reason cease to function properly, Landlord shall use reasonable diligence to repair the same promptly, but Tenant shall have no claim for abatement or diminution of Rent as a result of any interruptions in service resulting therefrom or occasioned thereby, unless such interruptions shall be due to the gross negligence or willful misconduct of Landlord or its agents. Landlord shall have no responsibility or liability for interruption, curtailment or failure to supply cooled or outside air, heat, elevator, plumbing, electricity, or other services to be provided by Landlord when prevented from doing so by strikes, labor troubles or accidents or by any cause whatsoever reasonably beyond Landlord's control, or by failure of independent contractors to perform or by laws, orders, rules or regulations of any federal, state, country or municipal authority, or by insurance requirements or failure of suitable fuel supply, or inability by exercise of reasonable diligence to obtain suitable fuel or by reason of governmental preemption in connection with a National Emergency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency. The exercise of such right or such failure by Landlord shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any compensation for damages or otherwise, or to any abatement or diminution of Rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord, its beneficiaries or their partners or agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise. Notwithstanding the foregoing, in the event that an interruption in utilities or services interferes substantially with or prevents the normal use of all or a portion of the Premises, and such condition continues for more than seven (7) consecutive days, then either (i) Rent shall be abated with respect to such proportion of the Premises commencing on the eighth (8th) day and continuing until the restoration of such utilities or services, or (ii) Tenant, at its sole option in recognition of its obligation under federal law to operate its radio broadcast stations without significant interruption, and subject to the other terms of this Lease, shall be entitled to make alternative arrangements to obtain the failed or curtailed utilities or services in such portion of the Premises, commencing on the eighth (8th) day and continuing until the restoration of such utilities or services by Landlord, and shall be entitled to offset 100% of the cost of obtaining such utilities and services during such period against future Rent.

F. Tenant at all times agrees to cooperate fully with Landlord and to abide by the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the HVAC System and all utilities and services reasonably necessary for the operation of the Premises and the Building. Landlord, throughout the Term, shall have free access to any and all mechanical installations of Landlord, including but not limited to air-cooling, fan, ventilating and machine rooms and electrical closets and Tenant agrees there shall be no construction of partitions or other obstructions which may interfere with Landlord's free access thereto, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Tenant further agrees that neither Tenant, nor its

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agents, employees or contractors shall at any time enter the said enclosures or tamper with, adjust or touch or otherwise in any manner affect said mechanical installations.

G. If Landlord shall from time to time reasonably determine that the use of any other utility or service in the Premises is disproportionate to the use of other Tenants, then at Landlord's request, and if possible, Tenant shall install and maintain at Tenant's expense metering devices for checking the use of any such utility or service in the Premises. Tenant shall pay Landlord for the cost of such disproportionate use within ten (10) days after receipt of a statement therefor, which statement shall reflect only the actual costs of such utility or service, without the addition of any administrative fee, charge, surcharge, or other mark-up (except for taxes, if any, charged to or required to be collected by Landlord).

H. Whenever, in Landlord's opinion, Tenant's use or occupation of the Premises, including lighting, personnel, heat generating machines or equipment, individually or cumulatively, causes the design loads for the HVAC System to be exceeded or to affect the temperature or humidity otherwise maintained by the HVAC System in the Premises or Building, Landlord may, but shall not be obligated to, temper such excess loads by installing supplementary heating or air-conditioning units in the Premises or elsewhere where necessary. In such event, the cost of such units and the expense of installation including, without limitation, the cost of preparing working drawings and specifications, shall be paid by Tenant as additional rent within ten (10) days after Landlord's demand therefor. Alternatively, Landlord may require Tenant to install such supplementary heating or air-conditioning unit at Tenant's sole expense. Landlord may operate and maintain any such supplementary units, but shall have no continuing obligation to do so or liability in connection therewith. The expense resulting from the operation and maintenance of any such supplementary heating or air conditioning units, including rent for space occupied by any supplementary heating or air conditioning units installed outside the Premises, shall be paid by Tenant to Landlord as additional rent at rates fixed by Landlord. Alternatively, Landlord may require Tenant to operate and maintain any such supplementary units, also at Tenant's sole expense.

## 6. USE OF PREMISES.

A. Tenant shall occupy and use the Premises during the Term for the purpose set forth in Section 1 and no other purpose. For purposes of this Section 6, Tenant shall be deemed to include Tenant's permitted subtenants, assigns and occupants.

B. Landlord agrees that, in connection with and incidental to Tenant's use of the Premises for the purposes set forth in Section 1, provided Tenant, at Tenant's sole cost and expense, obtains any special amendments to the certificate of occupancy for the Premises and any other permits required by any

governmental authority having jurisdiction thereof, if any, Tenant may use portions of the Premises for (i) the preparation and service of food and beverages from a pantry kitchen or lounge all for the exclusive use by officers, employees and business guests of Tenant (but not for use as a public restaurant or by other Tenants of the Building), (ii) the operation of vending machines for the exclusive use of officers, employees and business guests of Tenant, provided that each vending machine, where necessary shall have a waterproof pan thereunder and be connected to a drain, and (iii) the installation, maintenance and operation of electronic data processing equipment, computer processing facilities and business machines, provided that such equipment is contained within the Premises and does not cause vibrations, noise, electrical interference or other disturbance to other tenants of the Building or the elevators or other equipment in the Building. With respect to any use permitted under this Section 6, any such use shall not violate any laws or requirements of public authorities, constitute a public or private nuisance, interfere with or cause physical discomfort to any of the other tenants or occupants of the Building, interfere with the operation of the Building or the maintenance of same as a first-class office building, or violate any of Tenant's other obligations under this Lease.

C. Tenant will not make or permit to be made any use of the Premises which, directly or indirectly is forbidden by public law, ordinance or governmental regulation or which may be dangerous to persons or property, or which may invalidate or increase the premium cost of any policy of insurance carried on the Building or covering its operations; provided that if any additional amounts of insurance premiums are caused by Tenant's occupancy or use of the Premises. Tenant shall pay to Landlord said additional amounts as additional rent due hereunder. Tenant shall not do, or permit to be done, any act or thing upon the Premises which will be in conflict with fire insurance policies

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covering the Building. Tenant, at its sole expense, shall comply with all rules, regulations or requirements of governmental and quasi-governmental authorities applicable to the Premises, and shall not do, or permit anything to be done upon the Premises, or bring or keep anything thereof in violation of rules, regulations or requirements of the Fire Department or other governmental or quasi-governmental authority having jurisdiction.

#### 7. CONDITION OF PREMISES.

The Tenant's taking possession of the Premises or any portion thereof shall be deemed to be conclusive evidence that the Premises are in good and satisfactory condition. No promise of the Landlord to alter, remodel, decorate, clean or improve the Premises or the Building and no representation respecting the condition of the Premises or the Building have been made by the Landlord to the Tenant, unless the same is contained herein.

8. INABILITY TO DELIVER POSSESSION.

If the Landlord shall be unable to give possession of the Premises on the Commencement Date by reason of any of the following: (i) the Building has not been sufficiently completed to make the Premises ready for occupancy; (ii) the Landlord has not completed its preparation of the Premises; (iii) the Landlord is unable to give possession of the Premises by reason of the holding over or retention of possession of any tenant, tenants or occupants; or (iv) for any other reason, Landlord shall not be subject to any liability for failure to give possession on said date. Under such circumstances the Rent reserved and covenanted to be paid herein shall not commence until the Premises are available for occupancy by Tenant. No such failure to give possession on the Commencement Date of the Term hereof shall affect the validity of this Lease or the obligation of the Tenant hereunder, nor shall the same be construed to extend the Term or Termination Date. At the option of Landlord to be exercised within thirty (30) days of the delayed delivery of possession to Tenant, the Lease shall be amended so that the Term shall be extended by the period of time possession is delayed. If the Premises are ready for occupancy prior to the Commencement Date and Tenant occupies the Premises prior to said date, then all of the provisions of this Lease shall be in full force and effect commencing at such occupancy, and Tenant shall pay proportionate Base Rent and Rental Adjustments. The Premises shall not be deemed to be unready for Tenant's occupancy or incomplete if only minor or insubstantial details of construction, decoration or mechanical adjustments remain to be done in the Premises or any part thereof, or if the delay in the availability of the Premises for occupancy shall be due to special work, changes, alterations or additions required or made by Tenant in the layout or finish of the Premises or any part thereof or shall be caused in whole or in part by Tenant through the delay of Tenant in submitting plans, supplying information, approving plans, specifications or estimates, giving authorizations or shall be otherwise caused in whole or in part by delay and/or default on the part of Tenant. In the event of any dispute as to whether the Premises are ready for Tenant's occupancy, the decision of Landlord shall be final and binding on the Landlord and Tenant.

9. CARE AND MAINTENANCE.

Subject to the provisions of Section 14, the Tenant shall, at the Tenant's own expense, keep the Premises in good order, condition and repair and shall pay for the repair of any damage caused by Tenant, its agents, employees or invitees. Tenant shall promptly arrange with Landlord, at Tenant's sole expense, for the repair of all damage to the Premises and the replacement or repair of all damaged or broken glass (including signs thereon), carpeting, fixtures, and appurtenances (including hardware, heating, cooling, ventilating, electrical, plumbing and other mechanical facilities in the Premises), with materials equal in quality and class to the original materials damaged or broken, within any reasonable period of time specified by Landlord. All such repairs and replacements shall be made under the supervision and with the prior written approval of Landlord, using contractors or persons reasonably acceptable to Landlord. If Tenant does not promptly make such arrangements, Landlord may, but need not, make such repairs and replacements and 100% of Landlord's cost for such repairs and replacements shall be deemed additional rent reserved under



this Lease due and payable forthwith. The Tenant shall pay the Landlord for overtime and for any other expense incurred in the event repairs, alterations, decorating or other work in the Premises are not made during ordinary business hours at the Tenant's request.

10. ALTERATIONS.

The Tenant shall not do any painting or decorating, lay floor tile, carpeting or other similar floor covering, or

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install any partitions or doors, make any alterations in or additions or improvements to the Premises or do any nailing, boring or screwing into the ceilings, walls or floors (collectively "Alterations"), without the Landlord's prior written consent in each and every instance which consent shall not be unreasonably, withheld or delayed. Unless otherwise agreed by Landlord and Tenant in writing, all such work shall be performed either by or under the direction of Landlord, but at the sole cost of Tenant, including disposal and clean-up costs. The Landlord's decision to refuse such consent shall be conclusive. If the Landlord consents to such Alterations, before commencement of the work or delivery of any materials into the Premises or into the Building, the Tenant shall furnish the Landlord for approval: (i) plans and specifications; (ii) names and addresses of contractors; (iii) copies of contracts; (iv) necessary permits; (v) security for the payment of all anticipated costs; and (vi) indemnification and insurance in form and amount satisfactory to Landlord from all contractors performing labor or furnishing materials, insuring against any and all claims, costs, damages, liabilities and expenses which may arise in connection with the Alterations.

Landlord may withhold approval of any Alteration if the plans or specifications therefor are not reasonably acceptable to the Landlord or Landlord's architect or engineer (if any). In connection with any request for approval of any Alterations by Tenant, Landlord may retain the services of an outside architect and/or engineer and the reasonable fees of such architect and/or engineer to Landlord shall be reimbursed to Landlord by Tenant but only to the nature and extent of such Alterations reasonably require such services. Landlord's approval of any plans or specifications shall not be construed to be an agreement or representation on Landlord's part as to the adequacy or suitability of Tenant's Alterations.

In the event Landlord permits the Alterations to be completed by Tenant's contractor, Landlord reserves the right to require that Tenant shall terminate its contract with any such contractor in the event said contractor shall be engaged in a labor dispute which disrupts said contractor's work. Landlord shall also have the right to order any contractor of Tenant who violates any of Landlord's requirements, rules and regulations or standards of work to cease work and to remove himself, his equipment and his employees from the Building. Tenant agrees that its contractors shall not conduct their work in

such a manner so as to interfere with or cause any interruption of either (i) Landlord's construction, (ii) another tenant's occupancy or construction, or (iii) other phases of Landlord's operation of the Building.

Tenant shall promptly pay to Landlord or to Tenant's contractors, as the case may be, when due the cost of all such Alterations and all decorating required by reason thereof.

Tenant hereby agrees to indemnify and hold the Landlord, its partners and their respective agents and employees harmless from any and all liabilities of every kind and description which may arise out of or be connected in any way with any Alterations. Any mechanic's lien filed against the Premises, or the Project, for work claimed to have been furnished to the Tenant shall be discharged of record by the Tenant within thirty (30) days thereafter, at the Tenant's expense. Upon completing any Alterations, the Tenant shall furnish the Landlord with contractors' affidavits and full and final waivers of lien and receipted bills covering all labor and materials expended and used in a form satisfactory to Landlord. All Alterations shall comply with all insurance requirements and with all ordinances and regulations of any pertinent governmental authority. All Alterations shall be constructed in a good and workmanlike manner and only first class grades of materials shall be used.

All additions, decorations, fixtures, hardware, non-trade fixtures and all improvements, temporary or permanent (other than equipment however installed) in or upon the Premises, whether placed there by the Tenant or by the Landlord, shall, unless the Landlord request their removal, become the Landlord's property and shall remain upon the Premises at the termination of this Lease, by lapse of time or otherwise, without compensation or allowance or credit to the Tenant. Landlord may, at its sole option, request Tenant, at Tenant's sole cost, to remove same and if, upon the Landlord's request, the Tenant does not remove said additions, decorations, fixtures, hardware, non-trade fixtures and improvements, the Landlord may remove the same, and the Tenant shall pay the cost of such removal to the Landlord upon demand as additional rent. These obligations of Tenant shall survive the expiration or earlier termination of this Lease.

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11. ACCESS TO PREMISES.

The Tenant shall permit the Landlord, its agents and designees, to install, use and maintain pipes, ducts, wiring and conduits in and through the Premises and to have free access to the Premises and any part thereof in the event of an emergency. The Landlord or Landlord's agents shall have the right to enter upon the Premises, during usual business hours and upon prior notice to Tenant, to inspect the same, to perform janitorial and cleaning services and to make such repairs, improvements or additions to are in the Premises as the Landlord may deem necessary. The Rent reserved shall in no way abate (except as provided in Section 14) while repairs, improvements, or additions are being made, by reason of loss or interruption of business of the Tenant, or



otherwise; provided that except in the case of an emergency, Landlord shall make reasonable effort to coordinate repairs with Tenant in an effort to minimize the impact of noise. If the Tenant shall not be personally present to open and permit an entry into said Premises, at any time when to an emergency an entry therein shall be necessary or permissible, the Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering the Landlord or such agents liable therefor, and without in any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon the Landlord any separate obligations, responsibility or liability whatsoever, for the care, supervision or repair of the Building or any part thereof, in the exercise of any rights herein provided. Provided that reasonable access to the Building and the Premises shall be maintained and the business of Tenant shall not be interfered with or disrupted unreasonably Landlord shall also have the right at any time without the same constituting an actual or constructive eviction and without incurring any liability to the Tenant therefor, to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or public parts of the Building and to close entrances, doors, corridors, elevators or other facilities. The Landlord shall not be liable to the Tenant for any expense, injury, loss or damage resulting from work done in or upon, or the use of, any adjacent or nearby building, land, street or alley, unless resulting from the gross negligence or willful misconduct of Landlord or its agents.

12. INSURANCE.

Tenant shall carry insurance during the entire Term insuring Tenant and Landlord (and if Landlord notifies Tenant of their names, Landlord's agents and any mortgagee or ground lessee referred to in Section 18) with terms, coverages and in companies satisfactory to Landlord and with such commercially reasonable increase in limits as Landlord may from time to time request, but initially Tenant shall maintain the following coverages in the following amounts:

A. Comprehensive public liability insurance, including the broad or extended liability endorsement during the entire Term hereof covering Tenant as well as Landlord and its agents as additional insured with terms and in companies satisfactory to Landlord to afford protection to the limits of not less than \$2,000,000 for combined single limit personal injury and property damage liability.

B. Insurance on an All-Risk of Physical Damage or Loss basis, including theft, and the extended coverage perils for the full insurable value of all additions, improvements and alterations to the Premises and of all office furniture, trade fixtures, office equipment merchandise and all other items of Tenant's property on the Premises and business interruption insurance.

C.

D. Insurance against fire, sprinkler leakage, vandalism, and the extended coverage perils for the full replacement cost of all Tenant Improvements and all subsequent additions, improvements and alterations owned or made by Tenant, if any, to the Premises and of all furniture, trade

fixtures, equipment, merchandise and all other items of Tenant's property on the Premises.

Tenant shall comply with all applicable laws and ordinances, all orders and decrees of court and all requirements of other governmental authorities, and shall not directly or indirectly make any use of the Premises which may thereby be prohibited or be dangerous to person or property or which may jeopardize any insurance coverage, or may increase the cost of insurance or require additional insurance coverage.

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Tenant shall, prior to the Commencement Date of the Term, and during the term, thirty (30) days prior to the expiration of the policies of insurance, furnish to Landlord certificates evidencing such coverage, which certificates shall state that such insurance coverage may not be changed or cancelled without at least thirty (30) days prior written notice to Landlord and Tenant.

13. WAIVER OF SUBROGATION.

Landlord and Tenant agree to have all fire and extended coverage and material damage insurance which may be carried by either of them endorsed with a clause providing that any release from liability of or waiver of claim for recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder and providing further that the insured waives all rights of subrogation which such insurer might have against the other party. Without limiting any release or waiver of liability or recovery contained in any other Section of this Lease but rather in confirmation and furtherance thereof, each of the parties hereto waive all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance policies. Notwithstanding the foregoing or anything contained in this Lease to the contrary, any release or any waiver of claims shall not be operative, nor shall the foregoing endorsements be required, in any case where the effect of such release or waiver is to invalidate insurance coverage or the right of the insured to recover thereunder or increase the cost thereof (provided that in the case of increased cost the other party shall have the right, within ten (10) days following written notice, to pay such increased cost keeping such release or waiver in full force and effect).

14. UNFITNESS.

If the Premises or any part of the Building shall be damaged by fire or other casualty and if such damage does not render all or a substantial portion of the Premises or the Building unfit, then Landlord shall proceed to repair and restore with reasonable promptness the Building or the Premises (excluding leasehold improvements paid for by Tenant) at Landlord's expense, subject to reasonable delays for insurance adjustments and delays caused by matters beyond Landlord's reasonable control. If any such damage renders all or

a substantial portion of the Premises or the Building untenable, Landlord shall, with reasonable promptness after the occurrence of such damage, estimate the length of time that will be required to substantially complete the repair and restoration of the Building and shall by notice advise Tenant of such estimate. If it is so estimated that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then either Landlord or Tenant (but as to Tenant, only if all or a substantial portion of the Premises are rendered untenable) shall have the right to terminate this Lease as of the date of such damage upon giving notice to the other at any time within twenty (20) days after Landlord gives Tenant the notice containing said estimate (it being understood that Landlord may, if it elects to do so, also give such notice of termination together with the notice containing said estimate). Unless this Lease is terminated as provided in the preceding sentence, Landlord shall proceed with reasonable promptness to repair and restore the Building and Premises, subject to reasonable delays for insurance adjustments and delays caused by matters beyond Landlord's reasonable control, and also subject to zoning laws and building codes then in effect. Landlord shall have no liability to Tenant, and Tenant shall not be entitled to terminate this Lease (except as hereinafter provided) if such repairs and restoration are not in fact completed within the time period estimated by Landlord, as aforesaid, or within said one hundred eighty (180) days so long as Landlord shall proceed with reasonable diligence to complete such repairs and restoration. If the Building and/or Premises is not repaired or restored within nine (9) months after the date of such fire or other casualty, then either party may terminate this Lease, effective as of the date of such fire or other casualty, by written notice to the other party not later than thirty (30) days after the expiration of said nine (9) month period, but prior to substantial completion of repair or restoration. Notwithstanding anything to the contrary herein set forth, (a) Landlord shall have no duty pursuant to this Section 14 to repair or restore any tenant improvements, any portion of the alterations, additions or improvements owned or made by Tenant in the Premises, or any personal property of Tenant or to expend for any repair or restoration amounts in excess of insurance proceeds paid to Landlord and available for repair or restoration, and (b) Tenant shall not have the right to terminate this Lease pursuant to this Section 14 if the damage or destruction was caused by the act or neglect of Tenant, its agents or employees. Landlord shall carry insurance in an amount sufficient to enable it to fulfill its obligations to repair as provided in this Section 14 and shall provide Tenant, at If this Lease shall not be terminated pursuant to this Section, then Tenant shall repair and restore the tenant improvements within a reasonable period of time after the Premises are made available by Landlord for such repair and restoration, such repairs or restorations to be made after taking account of the reasonable wear and tear to the tenant improvements that had occurred prior to the fire or other casualty and of changes in the radio broadcasting business that may cause such improvements to be unsuitable or inappropriate for repair or restoration, it being agreed that Tenant shall not be obligated to repair or restore improvements that would have substantially diminished utility or value to Tenant.

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In the event any such fire or casualty damage not caused by the act or neglect of Tenant, its agents or employees, renders the Premises or any portion thereof untenable and if this Lease shall not be terminated pursuant to the foregoing provisions of this Section 14 by reason of such damage, then Base Rent and Rent Adjustments shall abate during the period beginning with the date of such damage and ending with the date when Landlord substantially completes its repair and restoration work. Such abatement shall be in an amount bearing the same ratio to the total amount of Base Rent and Rent Adjustments for such period as the portion of the Premises being repaired and restored by Landlord and not theretofore delivered to Tenant bears to the entire Premises. In the event of termination of this Lease pursuant to this Section 14, Base Rent and Rent Adjustments shall be apportioned on a per diem basis and be paid to the date of the fire or casualty.

15. EMINENT DOMAIN.

A. If, a substantial part of the Building or a substantial part of the Premises, shall be lawfully taken or condemned for any public or quasi-public use or purpose, or conveyed under threat of such condemnation, the terms of this Lease shall end upon, and not before, the date of the taking of possession by the condemning authority, and without apportionment of the award. Tenant hereby assigns to the Landlord, Tenant's interest in such award, if any. Base Rent and Rent Adjustments shall be apportioned as of the date of such termination. If any part of the Building shall be so taken or condemned, or if the grade of any street or alley adjacent to the Building is changed by any competent authority and such taking or change of grade makes it necessary or desirable, in Landlord's reasonable opinion, to demolish, substantially remodel, or restore the Building the Landlord shall have the right to cancel this Lease upon not less than ninety (90) days prior notice to the date of cancellation designated in the notice.

B. If less than a substantial part of the Building or less than substantially all of the Premises shall be lawfully taken or condemned or conveyed under threat of condemnation so that the Premises can be used by Tenant for the Use, and this Lease is not terminated by Landlord, Landlord shall repair the Premises, and the Lease shall be amended to reduce the Tenant's Proportion and Base Rent and Rent Adjustments in the proportion of the amount taken. Landlord's obligation to repair shall be limited to the amount of any award received by Landlord as a result of such condemnation or taking.

C. For purposes of this Section 15, the terms "condemned", "condemnation", "taken", or "taking" shall include a voluntary conveyance by Landlord to the condemning authority under threat of condemnation and the term "award" shall include the consideration paid by the condemning authority for such deed.

D. No money or other consideration shall be payable by the Landlord to

the Tenant for any right of cancellation or temporary taking, and the Tenant shall have no right to share in any condemnation award or in any judgment for damages caused by a change of grade except that Tenant shall be entitled to claim, prove, and receive in the condemnation proceedings, or in a separate proceeding, at Tenant's option, such awards as may be allowed for moving expenses or trade fixtures, or for loss of business good will or depreciation, but only if such awards shall be made by the condemnation court in addition to and not in.

16. WAIVER OF CLAIMS AND INDEMNITY.

To the extent permitted by law, the Tenant releases the Landlord, its respective agents, beneficiaries, employees, mortgagees and partners (all of said parties are, for the purposes of this Section 16 collectively referred to as "Indemnitees") from, and waives all claims for, damage to person or property sustained by the Tenant or any occupant of the Building or Premises resulting from the Building or Premises or any part of either or any equipment or appurtenance becoming out of repair, or resulting from any accident in or about the Building or Premises, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Building or of any other person, including the Indemnitees. This Section 16 shall apply especially, but not exclusively, to the flooding of basements or other subsurface areas, and to damage caused by refrigerators, sprinkling devices, air-conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or neglect of other tenants, occupants or servants in the Building or of any other person, and whether such damage be caused or result from anything or circumstance above mentioned or referred to, or any other thing or circumstance whether of a like nature or of a wholly different nature, except if caused by Landlord's gross negligence or willful misconduct. If any such damage, whether to the Premises or to the Building or any part thereof, or whether to the Landlord or to other tenants in the Building, results from an act or neglect of the Tenant, its employees, agents, invitees and customers, the Tenant shall be liable therefor and the Landlord may, at the Landlord's option, repair such damage and the Tenant

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shall, upon demand by the Landlord, reimburse the Landlord forthwith for the total cost of such repairs. The Tenant shall not be liable for any damage caused by its act or neglect if the Landlord or a Tenant has recovered the full amount of the damage from insurance and the insurance company has waived its right of subrogation against the Tenant. All property belongings to the Tenant or any occupant of the Premises that is in the Building or the Premises shall be there at the risk of the Tenant or other person only, and the Landlord shall not be liable for damage thereto or theft or misappropriation thereof unless caused by Landlord's gross negligence or willful misconduct.

To the extent permitted by law, Tenant agrees to indemnify and save the Indemnitees harmless against any and all claims, liabilities, demands, costs and expenses, including reasonable attorney's fees for the defense thereof, arising from Tenant's occupation of the Premises or from any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or from any act or negligence of Tenant, its agents, servants, employees or invitees, in or about the Premises. In case of any action or proceeding brought against any Indemnitee by reason of any such claim, upon notice from Landlord, Tenant covenants to defend such action or proceeding by counsel reasonably satisfactory to Tenant and Landlord.

17. ASSIGNMENT/SUBLETTING.

A. Tenant shall not, without Landlord's prior written consent (i) assign, transfer, hypothecate, mortgage, encumber this Lease or any interest under it (ii) allow any transfer of, or any lien upon Tenant's interest in this Lease by operation of law; (iii) sublet the Premises in whole or in part or (iv) allow the use or occupancy of any portion of the Premises for use other than the Use or by anyone other than Tenant or Tenant's employees.

B. The following special provisions apply to subletting and assignment:

(i) Prior to making any sublease or assignment, Tenant shall first notify Landlord in writing of its intent to sublease all or a portion of the Premises or to assign this Lease or any interest hereunder, such notice to include a copy of the proposed sublease or assignment and the name of the sublessee or assignee and sufficient information to permit Landlord to determine the acceptability of the financial responsibility and character of the proposed subtenant or assignee. At any time within forty five (45) days after service of said notice, Landlord shall notify Tenant that:

(1) It consents to the sublease or assignment; or

(2) It refuses to consent to the sublease or assignment; or

C. Landlord shall not unreasonably withhold its consent except that such consent need not be granted if (a) in the reasonable judgment of Landlord the proposed subtenant or assignee is of a character or engaged in a business which is not in keeping with the standards of Landlord for the Building; (b) in the reasonable judgment of Landlord the purpose for which the proposed subtenant or assignee intends to use the Premises are not in keeping with the standards of Landlord for the Building, or are in violation of the terms of any other leases in the Building, it being understood that the purpose for



which the proposed subtenant or assignee intends to use the Premises may not be in violation of this Lease; (e) a subletting will result in there being more than two occupants within the Premises, including Tenant and all subtenants; (d) the Premises is not regular in shape with appropriate means of ingress and egress and suitable for normal renting purposes; (e) the proposed subtenant or assignee is either a government (or subdivision or agency thereof) or an occupant, of the Building; (f) an assignment is desired and the Premises are less than the entire Premises or less than the remaining Term is being assigned; (g) the assignee or sublessee is not, in the judgment of Landlord, sufficiently financially responsible to perform its obligations under the proposed sublease or assignment; or (h) Tenant is in default under this Lease. The foregoing are merely examples of reasons for which Landlord may reasonably withhold its consent and shall not be deemed exclusive of any permitted reasons for withholding consent, whether similar or dissimilar to the foregoing examples.

D. Landlord's consent to any sublease or assignment pursuant to this Section 17 shall be subject to the following terms and conditions:

(a) The terms and conditions of this Lease, including among other things, Tenant's obligations pursuant to this Lease for the Premises, shall in no way be deemed modified, abrogated or amended;

(b) Tenant shall pay Landlord a processing fee and the reasonable attorney's fees and disbursements incurred by Landlord for each sublease or assignment submitted to Landlord;

(c) The consent shall not be deemed a consent to any further subletting or assignments by either Tenant, subtenants or assignees;

(d) Tenant shall pay Landlord as additional Base Rent, fifty percent (50%) of any excess rent (including rent adjustments escalations and additional rent) and other amounts, payable to Tenant under this sublease or assignment over the Base Rent and Rent Adjustments payable to Landlord under this Lease;

(e) The proposed assignee or sublessee shall agree to comply with and be bound by all the terms, covenants, conditions, provisions and agreements of this Lease to the extent of the Premises.

E. An assignment of this Lease, whether voluntary, involuntary or by operation of law, as permitted hereunder, shall in no event or circumstance release or result in the release of the Tenant making such assignment from liability for payment or performance of any of Tenant's obligations under this Lease after the date of such assignment, unless Landlord specifically agrees otherwise in writing and without limiting the foregoing, no exercise or non-exercise by Landlord of any of its rights or remedies under this Lease, no amendments, modifications or changes of any kind to the Lease and no other act or thing which but for this provision could act as a release of the continuing liability of Tenant or give Tenant any recourse against Landlord shall, in fact, do so. If Tenant assigns this Lease or if all or any portion of the

Premises is subleased to, occupied by or used by any person other than Tenant, whether or not in violation of the provisions of this Section 17, Landlord after default by Tenant hereunder, may collect rent from the assignee, subtenant, occupant or user. In either case, Landlord shall apply the net amount collected to any Rent due hereunder, but neither any such assignment, sublease, occupancy or use whether with or without Landlord's consent nor any such collection or application shall be deemed a waiver of any term, covenant or condition of this Lease as the acceptance by Landlord of such assignee, subtenant, occupant or user.

F. If Tenant is an entity whose ownership is not publicly held, and if during the Term, the ownership of the control of Tenant changes, Tenant shall notify Landlord of such change within five (5) days thereof, and Landlord, at its option, may at any time thereafter terminate this Lease by giving Tenant written notice of said termination at lease sixty (60) days prior to the date of termination stated in the notice. The term "control" as used herein means the power to directly or indirectly direct or cause the direction of the management or policies of the Tenant. A change or series of changes in ownership of stock which would result in direct or indirect change in ownership by the stockholders or an affiliated group of stockholders of less than 50% of the outstanding stock shall not be considered a change of control. In no event shall any change in the ownership of Tenant's immediate or ultimate parent corporation constitute a change of the ownership of the control of Tenant, for purposes of this Section 17.

G. Tenant agrees that all advertising by Tenant or on Tenant's behalf with respect to the assignment or subletting of space must be approved in writing by Landlord prior to publication.

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H. If Tenant shall assign this Lease as permitted herein, Tenant shall obtain and furnish to Landlord, not later than fifteen (15) days prior to the effective date of such assignment a written instrument evidencing such assignment in form satisfactory to Landlord. If Tenant shall sublease the Premises as permitted herein, Tenant shall obtain and furnish to Landlord, not later than fifteen (15) days prior to the effective date of such sublease in form satisfactory to Landlord, the written agreement of such subtenant to the effect that the subtenant will attorn to the Landlord, at Landlord's option and written request, in the event this Lease terminates before the expiration of the sublease.

18. SUBORDINATION.

Landlord may execute and deliver a mortgage or trust deed in the nature of a mortgage, (both sometimes hereinafter referred to as "Mortgage") against the Building, or any interest therein, including a ground lease thereof ("Ground Lease") and sell and lease back the underlying land. This Lease and the rights of Tenant hereunder shall be and are hereby made expressly subject



and subordinate at all times to any ground lease of the land and/or the Building now or hereafter existing and all amendments, renewals and modifications thereto and extensions thereof, and to the lien of any Mortgage now or hereafter encumbering any portion of the Building and to all advances made or hereafter to be made upon the security thereof. Tenant agrees to execute and deliver such instruments subordinating this Lease to any such Ground Lease or to the lien of any such Mortgage as may be requested in writing by Landlord from time to time. Tenant hereby appoints Landlord as attorney-in-fact for Tenant with full power of attorney to execute and deliver in the name of Tenant any such instrument in the event Tenant fails to so do. Notwithstanding anything to the contrary contained herein, any mortgagee under a Mortgage may, by notice in writing to the Tenant, subordinate its Mortgage to this Lease.

In the event of the cancellation or termination of any such Ground Lease described above in accordance with its terms or by the surrender thereof, whether voluntary, involuntary or by operation of law, or by summary proceedings, or the foreclosure of any such Mortgage by voluntary agreement or otherwise, or the commencement of any judicial action seeking such foreclosure, Tenant, at the request of the then Landlord shall attorn to and recognize such Ground Lessor, mortgagee or purchaser in foreclosure as Tenant's Landlord under this Lease. Tenant agrees to execute and deliver at any time upon request of such ground lessor, mortgagee, purchaser, or their successors, any instrument to further evidence such attornment. Notwithstanding the foregoing, in the event of a foreclosure, the Lessee's obligation to subordinate shall be contingent upon the holder of the Ground Lease or mortgage, or other appropriate party, agreeing not to disturb the Lessee's rights under this Lease, including without limitation, the Lessee's right to occupy and to use the Premises on the terms and conditions set forth in this Lease. The Ground Lessor's, mortgagee's, or other party's obligation to enter into such a nondisturbance agreement shall be conditioned upon the Lease not being in default under the terms of this Lease and that no event has occurred which with the giving of notice or passage of time or both would constitute a default. Furthermore, the Ground Lessor, mortgagee, or other party, as applicable.

Tenant agrees to give the holder of any Mortgage, by registered or certified mail, a copy of any notice of default served upon the Landlord by Tenant, provided that prior to such notice Tenant has received notice (by way of service on Tenant of a copy of an assignment of rents and leases, or otherwise) of the address of such mortgagee and containing a request therefor. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then said mortgagee shall have an additional thirty (30) days after receipt of notice thereof within which to cure such default or, if such default cannot be cured within that time, then such additional time as may be necessary, if, within such thirty (30) days, any mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default. Such period of time shall be extended by any period within which such mortgagee is prevented from commencing or pursuing such foreclosure proceedings by reason of Landlord's bankruptcy. Until the time allowed as aforesaid for said mortgagee to cure such defaults has expired without cure, Tenant shall have no right to, and shall not terminate this Lease on account of

such default.

Should any prospective mortgagee or ground lessor require a modification or modifications of this Lease, which modification or modifications will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder in the reasonable judgment of Tenant, then and in such event, Tenant agrees that this Lease may be so modified and agrees to promptly execute whatever documents are required therefor and deliver the same to Landlord within ten (10) days following the request therefor. Should any prospective mortgagee or ground lessor require execution of a short form of Lease for recording (containing the names of the parties, a description of the Premises, and the Term of this Lease) or a certification from the Tenant concerning the lease in such form as may be required by a prospective mortgagee or ground lessor. Tenant agrees to promptly execute such short form of lease or certificate and deliver the same to Landlord within ten (10) days following the request therefor.

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If Tenant fails, within ten (10) days after written demand therefor, to execute and deliver any instruments as may be necessary or proper to effectuate any of the covenants of Tenant set forth above in this Section 18, Tenant hereby makes, constitutes and irrevocably appoints Landlord or its beneficiary its attorney-in-fact (such power of attorney being coupled with an interest in the Premises) to execute and deliver any such instruments for and in the name of Tenant.

19. CERTAIN RIGHTS RESERVED TO THE LANDLORD.

Landlord reserves the following rights, exercisable at its election without notice and without liability to Tenant for damage or injury to property, person or business and without effecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for setoff or abatement of rent or affecting any of Tenant's obligations under this Lease:

A. To change the name or street address of the Building;

B. To install and maintain a sign or signs on the interior or exterior of the Building;

C. To have access for the Landlord and the other tenants of the Building to any mail boxes located in the Building according to the rules of the United States Postal Service;

D. To designate all sources furnishing sign painting and lettering, ice, drinking water, towels, food, beverages, vending machines and toilet supplies, lamps and bulbs used on the Premises;

E. To decorate, remodel, repair, alter or otherwise prepare the

Premises for reoccupancy if Tenant vacates the Premises prior to the expiration of the Term;

F. To retain at all times, and use in appropriate instances, pass keys to the Premises;

G. To grant to anyone the right to conduct any particular business or service in the Building whether or not it is the same as or similar to the use expressly permitted hereunder;

H. To exhibit the Premises to others and to display "For Rent" signs on the Premises; no more than six (6) months prior to the Termination Date;

I. To prescribe the location and style of the suite number and identification sign or lettering for the Premises;

J. To require all persons entering or leaving the Building during such hours as Landlord may from time to time reasonably determine to identify themselves to security by registration or otherwise, and to establish their right to enter or leave in accordance with the provisions of applicable rules and regulations adopted by Landlord. Landlord shall not be liable in damages for any error with respect to admission to or eviction or exclusion from the Building of any person. In case of fire, invasion, insurrection, mob, riot, civil disorder, public excitement or other commotion or threat thereof, Landlord reserves the right to limit or prevent access to the Building during the continuance of the same, shut down elevator service, activate elevator emergency controls or otherwise take such action or preventive measures deemed necessary by Landlord for the safety of the tenants or other occupants of the Building or the protection of the Building and the property in the Building. Tenant agrees to cooperate in any reasonable safety program developed by Landlord;

K. Upon reasonable notice to Tenant to enter the Premises at reasonable hours for reasonable purposes, including inspections and supplying of janitor services or other services to be provided to Tenant hereunder and at any time without notice in the event of an emergency;

L. To install at Landlord's sole expense, a fire emergency exit (crash door) in any demising wall of the Premises if in its sole discretion Landlord determines that a fire emergency exit (crash door) is required in the interest of public safety;

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M. To control and prevent access to common areas and other non-general public areas pursuant to the provisions of applicable rules and regulations adopted by Landlord;

N. Provided that reasonable access to the Premises shall be maintained and the business of Tenant shall not be interfered with or disrupted unreasonably, Landlord reserves the right to relocate, enlarge, reduce or change lobbies, exits or entrances in or to the Building, and to decorate and to make, at its own expense, repairs, alterations, additions and improvements, structural or otherwise, in or to the Building or any part thereof, and any adjacent building, land, street or alley, including for the purpose of connection with or entrance into or use of the Building in conjunction with any adjoining or adjacent building or buildings, now existing or hereafter constructed and may for such purposes erect scaffolding and other structures reasonably required by the character of the work to be performed and during such operations may enter upon the Premises and take into and upon or through any part of the Building; including the Premises, all materials that may be required to make such repairs, alterations, improvements, or additions, and in that connection Landlord may temporarily close public entry ways, other public spaces, stairways or corridors and interrupt or temporarily suspend any services or facilities agreed to be furnished by Landlord, all without the same constituting an eviction of Tenant in whole or in part and without abatement of Rent by reason of loss or interruption of the business of Tenant or otherwise and without in any manner rendering Landlord liable for damages or relieving Tenant from performance of Tenant's obligations under this Lease. Landlord may at its option make any repairs, alterations, improvements and additions in and about the Building and the Premises during ordinary business hours and, if Tenant desires to have such work done during other than business hours, Tenant shall pay all overtime and additional expenses resulting therefrom;

O. To approve the weight, size and location of safes or other heavy equipment or articles, which articles may be moved in, about, or out of the Building or Premises only at such times and in such manner as Landlord shall direct and in all events, however, at Tenant's sole risk and responsibility; and

P. To take any and all measures, including inspections, repairs, alterations, decorations, additions and improvements to the Premises or to the Building and to close or temporarily suspend, as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or the Landlord's interest or the interest of other tenants, or as may be necessary or desirable in the operation of the Building.

The Landlord may enter upon the Premises and may exercise any or all of the foregoing rights reserved without being deemed guilty of an eviction or disturbance of the Tenant's use or possession and without being liable in any manner to the Tenant and without abatement of rent or affecting any of the Tenant's obligations hereunder.

20. HOLDING OVER.

If the Tenant retains possession of the Premises or any part thereof after the termination of the Term or any extension thereof, lapse of time and otherwise, the Tenant shall pay the Landlord monthly rent at double the rate payable for the month immediately preceding said holding over (including increases for Rent Adjustment which Landlord may reasonably estimate), computed on a per-month basis, for each month or part thereof (without reduction for any

such partial month) that the Tenant thus remains in possession. The provisions of this Section 20 do not exclude the Landlord's rights of re-entry or any other right hereunder. Any such extension or renewal shall be subject to all other terms and conditions herein contained.

21. LANDLORD'S REMEDIES.

A. The occurrence of any one or more of the following matters constitutes a "Default" by Tenant under this Lease.

(i) Failure by Tenant to pay Rent or any installment thereof, within five (5) days after the same is due;

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(ii) Failure by Tenant to pay, within five (5) days after the same is due, any other moneys required to be paid by Tenant under this Lease;

(iii) Failure by Tenant to observe or perform any of the covenants in respect of assignment and subletting set forth in Section 17; with such failure continuing for thirty (30) days after written notice from Landlord (except that such thirty (30) day period shall be extended for such additional period of time not in any event to exceed one hundred twenty (120) days as may reasonably be necessary to cure such failure, if such failure, by its nature, cannot be cured within such thirty (30) day period, provided that Tenant commences to cure such failure (and so notifies Landlord in writing) within such thirty (30) day period and is, at all times thereafter, in the process of diligently curing the same)

(iv) Failure by Tenant to cure forthwith any hazardous condition which Tenant has created in violation of law or of this Lease;

(v) Failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease; with such failure continuing for thirty (30) days after written notice from Landlord (except that such thirty (30) day period shall be extended for such additional period of time not in any event to exceed one hundred twenty (120) days as may reasonably be necessary to cure such failure, if such failure, by its nature, cannot be cured within such thirty (30) day period, provided that Tenant commences to cure such failure (and so notifies Landlord in writing) within such thirty (30) day period and is, at all times thereafter, in the process of diligently curing the same)

(vi) The levy upon or under execution or the attachment by legal process of the leasehold interest of Tenant, or the filing or creation of a lien in respect of such leasehold interest, which lien shall not be released or discharged within thirty (30) days from the date of such filing; except for any

lien created under the terms of the Amendment and Restatement of Security Agreement, dated as of September 30, 1991, by and among Tenant's parent corporation, Tenant, certain of Tenant's sister corporations, and the banks named therein (the "Security Agreement"), which Security agreement was executed and delivered as required by the terms of an Amended and Restated Credit Agreement, dated as of September 30, 1991, as amended, by and among the same parties (the "Credit Agreement"), as well as all amendments thereto and any documents that replace, in whole or in part, the Credit Agreement and the Security Agreement in connection with a total or partial refinancing of the indebtedness covered by such documents.

(vii) Tenant vacates or abandons the Premises or fails to take possession of the Premises when available for occupancy (the transfer of a substantial part of the operations, business and personnel of Tenant to some other location being deemed, without limiting the meaning of the term "vacates or abandons", to be a vacation or abandonment within the meaning of this clause (vii), whether or not Tenant thereafter continues to pay Rent due under this Lease.

(viii) Tenant becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for Tenant or for the major part of his property;

(ix) A trustee or receiver is appointed for the Tenant or for the major part of its property and is not discharged within thirty (30) days after such appointment;

(x) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law, or similar law for the relief of debtors, are instituted by or against Tenant, and, if instituted against Tenant, are allowed against it or are consented to by it or are not dismissed within sixty (60) days after such institution.

B. If a Default occurs which has not been cured or remedied during the applicable grace period, Landlord shall have the rights and remedies hereinafter set forth, which shall be distinct, separate and cumulative and shall not operate to exclude or deprive Landlord of any other right or remedy allowed it by law:

(i) Landlord may terminate this Lease by giving to Tenant five (5) days' written notice of the Landlord's election to do so, in which event the Term of this Lease shall end, and all right, title and interest of the Tenant hereunder shall expire, on the date stated in such notice;

(ii) Landlord may terminate Tenant's right to possession of the Premises' without terminating this Lease by giving five (5) days written notice to Tenant that Tenant's right of possession shall end on the date stated in such notice whereupon the right of the Tenant to possession of the Premises or

any part thereof shall cease on the date stated in such notice; and

(iii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of the Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from the Tenant under any of the provisions of this Lease.

C. If Landlord exercises either the remedies provided in paragraphs (i) or (ii) of Section 21.B., Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord in "broom-clean" condition, and Landlord may then and at any time thereafter re-enter and take complete and peaceful possession

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sion of the Premises with or without process of law, full and complete license to do so being hereby granted to Landlord, and Landlord may expel or remove Tenant and any others who may be occupying or within the Premises and remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's rights to Base Rent. Rent Adjustments or Rent Adjustment Deposits or any other rights given to Landlord hereunder or by operation of law.

D. If Landlord, pursuant to the provisions of Section 21.B(ii) hereof, terminates the right of the Tenant to possession of the Premises without terminating this Lease, such termination of possession shall not release Tenant in whole or in part, from Tenant's obligation to pay Rent hereunder for the full Term, and the amount of the Base Rent and Additional Rent for the period from the date stated in the notice terminating possession shall at once mature and be immediately due and payable by the Tenant to Landlord, together with any other moneys due hereunder, and Landlord shall have the right to immediate recovery of all amounts then due hereunder. In addition, Landlord shall have the right, from time to time, to recover from the Tenant, and the Tenant shall remain liable for, all additional Rent and any other sums thereafter accruing as they become due under this Lease during the period from the date of such notice of termination of possession to the stated end of the Term. In any case, the Landlord may, but shall be under no obligation to, relet the Premises or any part thereof for the account of the Tenant for such rent, for such time (which may be for a term extending beyond the Term of this Lease) and upon such terms as the Landlord in the Landlord's sole discretion shall determine, and the Landlord shall not be required to accept any tenant offered by the Tenant or to observe any instructions given by the Tenant relative to such reletting. Also in any such case the Landlord may make repairs, alterations and additions in



or to the Premises and redecorate the same to the extent deemed by the Landlord necessary or desirable and, in connection therewith, change the locks to the Premises, and the Tenant shall upon demand pay the cost thereof together with the Landlord's expenses of reletting. Landlord may collect the rents from any such reletting and apply the same first to the payment of the expense or reentry, redecoration, repair and alterations and the expenses of reletting and second to the payment of Rent herein provided to be paid by the Tenant, and any excess or residue shall operate only as an offsetting credit against the amount of Rent as the same thereafter becomes due and payable hereunder, but the use of such offsetting credit to reduce the amount of Rent due Landlord, if any, shall not be deemed to give Tenant any right, title or interest in or to such excess or residue and any such excess or residue shall belong to Landlord solely, provided that in no event shall Tenant be entitled to a credit on its indebtedness to Landlord in excess of the aggregate sum (including Base Rent and Additional Rent) which would have been paid by Tenant for the period for which the credit to Tenant is being determined, had no Default occurred. No such re-entry or repossession, repairs, alternations and additions, or reletting shall be construed as an eviction or ouster of the Tenant or as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant or shall operate to release the Tenant in whole or i part from any of the Tenant's obligations hereunder, and the Landlord may, at any time and from time to time, sue and recover judgment for any deficiencies from time to time of the proceeds of any such reletting.

E. In the event of the termination of this Lease by Landlord as provided in Section 21.B(i), Landlord shall be entitled to recover from Tenant all the fixed dollar amounts of Rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by the Tenant, or for which Tenant is liable or in respect of which Tenant has agreed to indemnify Landlord under any of the provisions of this Lease which may be then owing and unpaid, and all costs and expenses, including court costs and reasonable attorneys' fees, incurred by Landlord in the enforcement of its rights, and remedies hereunder, and in addition Landlord shall be entitled to recover as damages for loss of the bargain and not as a penalty (x) the unamortized cost to the Landlord, computed and determined in accordance with generally accepted accounting principles, of the tenant improvements and alterations, if any, paid for and installed by Landlord pursuant to this Lease, and (y) the aggregate sum which at the time of such termination represents the excess, if any, of the present value of the aggregate Rents at the same annual rate for the remainder of the term as then in effect pursuant to the applicable provisions of Section 3 and 4 of this Lease, over the then present value of the then aggregate fair rental value of the Premises for the balance of the Term, such present worth to be computed in each case on the basis of a per annum discount at one-half (1/2) of the corporate base rate of interest then in effect at the First National Bank of Chicago from the respective dates upon which such rentals would have been payable hereunder had this Lease not been terminated, and (z) any damages in addition thereto, including reasonable



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attorneys' fees and court costs, which Landlord shall have sustained by reason of the breach of any of the covenants of this Lease other than for the payment of Rent.

F. Landlord and Tenant agree that to the extent permitted by law, each shall and hereby does waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises or any emergency or statutory remedy.

G. Any and all property which may be removed from the Premises by Landlord pursuant to the authority of the Lease or of law, to which Tenant is or may be entitled, may be handled, removed or stored by Landlord at the risk, cost and expense of Tenant and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken from storage by Tenant within thirty (30) days, shall be conclusively presumed to have been conveyed by Tenant to Landlord under this Lease as a bill of sale without further payment or credit by Landlord to Tenant.

H. To the extent permitted by and consistent with the terms of the Credit Agreement and the Security Agreement, and subject in all events to the provisions thereof, Tenant hereby grants Landlord a second lien upon the interest of Tenant under this Lease to secure the payment of moneys due under this Lease, which lien may be enforced in equity and Landlord shall be entitled as a matter of right to have a receiver appointed to take possession of the Premises and relet the same under order of court.

I. All amounts owed by Tenant to Landlord under this Lease shall be deemed additional Rent and (unless otherwise provided, and other than the Base Rent, Rent Adjustment Deposits and Rent Adjustments, which shall be due as provided) be paid within ten (10) days from the date Landlord renders a statement of account. All such amounts (including Base Rent, Rent Adjustment Deposits and Rent Adjustments) shall bear interest from the date due until the date paid at the annual rate of eighteen percent (18%) or at the maximum legal rate of interest, whichever is lower. Tenant shall pay upon demand all Landlord's costs, charges and expenses, including the fees of counsel, agents and others retained by Landlord, incurred in enforcing Tenant's obligations hereunder or incurred by Landlord in any litigation, negotiation or transaction in which Tenant causes Landlord, without Landlord's fault, to become involved or concerned.

J. If Tenant shall file for protection under any Chapter of the Bankruptcy Code not or hereinafter in effect, Landlord and Tenant agree, to the

extent permitted by law, to request that the debtor-in-possession or trustee-in-bankruptcy, if one is appointed, assume or reject this Lease within sixty (60) days thereafter.

22. DEFAULT UNDER OTHER LEASE

If the term of any Lease, other than this Lease, made by the Tenant for any space in the Building shall be terminated or terminable after the making of this Lease because of any default by the Tenant under such other lease, such fact shall empower the Landlord, at the Landlord's sole opinion, to terminate this Lease by notice to the Tenant.

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23. SURRENDER OF POSSESSION.

A. At the termination date or other termination of the term or Tenant's right to possession hereunder Tenant shall surrender all keys of the Premises to Landlord and make known to Landlord the combination of all locks and vaults remaining on the Premises and shall (subject to the provision of Sections 23.B and 23.C) return to Landlord the Premises and all equipment and fixtures of Landlord broom clean in as good a condition and state of repair as when Tenant originally took possession, ordinary wear and loss or damage by fire, or other casualty excepted, failing which Landlord may restore the Premises, equipment and fixtures to such condition and state or repair and Tenant shall, upon demand, pay to Landlord the cost thereof.

B. All installations, additions, decorations, hardware, non-trade fixtures and improvements temporary or permanent, except movable furniture and all equipment belonging to Tenant, in or upon the Premises, whether placed there by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant provided, however, that if prior to such termination or within twenty (20) days thereafter Landlord so directs by notice, Tenant shall promptly remove the installations, additions, hardware, non-trade fixtures and improvements placed in or upon the Premises by Tenant and designated in the notice, failing which Landlord may remove the same and Tenant shall upon demand, pay to Landlord the cost of such removal and of any necessary restoration of the Premises. All fixtures, installations, and personal property belonging to Tenant not removed from the Premises upon termination of this lease and not required by Landlord to have been removed as provided herein shall be conclusively presumed to have been abandoned by Tenant and title thereto shall pass to Landlord under this Lease as by a bill of sale.

C. At the sole option of Landlord, Tenant shall leave in place any floor covering without compensation to Tenant or Tenant shall remove any floor covering and all fastenings paper, glue, bases and other vestiges thereof and restore the floor surface to its previous condition.

D. All obligations of Tenant hereunder shall survive the expiration of the Term or sooner termination of this Lease.

24. RELOCATION OF TENANT.

Landlord shall have the right, upon thirty (30) days written notice, to relocate Tenant to another location in the Building on the condition that the new premises designated by Landlord shall be substantially similar to the Premises with respect to area and configuration in the Building and shall not be smaller in area than the Premises; provided, that such relocation shall occur only if, and on the condition that it shall not cause any interruption whatsoever in, or any deterioration of, the transmission to the public by Tenant of radio broadcasting signals and programming. In the event of such a relocation, Landlord shall pay the actual and reasonable costs of physically moving the Tenant its property and equipment, to the new premises.

25. COVENANT AGAINST LIENS.

Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord. Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon Landlord's title or interest in the Real Property, the Building or the Premises. Any and all liens and encumbrances created by Tenant shall attach to Tenant's interest in the Premises only. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Building or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Tenant or the Premises, and in case of any such lien attaching, Tenant covenants and agrees immediately to cause it to be released and removed of record. If any such liens so attach and Tenant fails to pay and remove same within ten (10) days, Landlord, at its election, may pay and satisfy the same and in such event the sums so paid by Landlord, with interest from the date of payment at the rate set forth in Section 21.1 shall be deemed to be additional Rent due and payable by Tenant at once without notice or demand.

26. SECURITY DEPOSIT.

Tenant agrees to deposit with Landlord, upon execution of this Lease, the Security Deposit stipulated in the

Schedule ("Security") as security for the full and faithful performance by Tenant of each and every term, provision, covenant, and condition of this Lease. If Tenant defaults in respect to any of the terms, provisions, covenants and conditions of this Lease including, but not limited to, payment of the Base Rent, Rent Adjustment, Deposits, Rent Adjustments or other amounts due Landlord hereunder, Landlord may use, apply, or retain the whole or any part of the Security for the payment of any such Base Rent, Rent Adjustment Deposits or Rent

Adjustments in default, or for any other sum which Landlord may expend or be required to expend by reason of Tenant's default including without limitation, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency shall have accrued before or after any re-entry by Landlord. If the Security shall be so used, applied or retained by Landlord, Tenant shall promptly, in each such instance, on written demand therefor by Landlord, pay to Landlord such additional sum as may be necessary to restore the Security to the stated amount. If Tenant shall fully and faithfully comply with all the terms, provisions, covenants, and conditions of this Lease, the Security, or any balance thereof, shall be returned to Tenant after the later of (a) thirty (30) days after the Expiration Date; (b) the removal of Tenant from the Premises; (c) the surrender of the Premises by Tenant to Landlord in accordance with this Lease; and (d) the Rent Adjustments owed by Tenant have been computed by Landlord and paid by Tenant. In the absence of written evidence satisfactory to Landlord of any assignment of the right to receive the Security or the remaining balance thereof, Landlord shall return the Security to Tenant, regardless of one or more assignments of this Lease. Upon the transfer of Landlord's interest under this Lease, Landlord's obligation to Tenant with respect to the Security shall terminate upon assumption of such obligation by the transferee.

If any portion of the Security is to be used or applied, Tenant shall within five (5) days after written demand therefor deposit cash with Landlord or its beneficiary in an amount sufficient to restore the Security to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord or its beneficiary shall not be required to keep this Security separate from its general funds and Tenant shall not be entitled to interest on such deposit.

Tenant hereby agrees not to look to any mortgagee as mortgagee, mortgagee in possession, or successor in title to the Building for accountability for any Security required by the Landlord hereunder, unless said sums have actually been received by said mortgagee as security for the Tenant's performance of this Lease. The Landlord may deliver the funds deposited hereunder by Tenant to the purchaser of Landlord's interest in the Building, in the event that such interest is sold, and thereupon Landlord and its beneficiary shall be discharged from any further liability with respect to such Security.

## 27. RULES AND REGULATIONS.

A. Tenant agrees to observe the reservations to Landlord contained in Section 19 hereof and agrees, for itself, its employees, agents, clients, customers, invitees and guests, to comply with the rules and regulations set forth in Exhibit C attached to this Lease and such other reasonable rules and regulations as shall be adopted by Landlord pursuant to Section 27.B. Any violation by Tenant of any of the rules and regulations contained in Exhibit C or other Sections of this Lease, or as may hereafter be adopted by Landlord pursuant to Section 27.B. may be restrained; but whether or not so restrained, Tenant acknowledges and agrees that it shall be and remain liable for all damages, loss, costs and expense resulting from any violation by the Tenant of any of said reasonable rules and regulations. Nothing in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce said rules and regulations, or the terms, covenants and conditions of any other leases against any other tenant or any other persons, and Landlord, its partners and employees, agents, invitees, or by any other person; provided that Landlord

shall uniformly apply such rules and regulations and shall not discriminate against Tenant in the enforcement of any such rules and regulations.

B. Landlord reserves the right to make and adopt from time to time, such other reasonable rules and regulations and to amend, modify or rescind any then existing rules and regulations for the protection and welfare of the Building and its tenants and occupants, as Landlord may determine, and the Tenant agrees to abide by all such rules and regulations.

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28. NOTICES.

In every instance where it shall be necessary or desirable for Landlord to serve any notice or demand upon Tenant, it shall be sufficient to send a written or printed copy of such notice by demand by United States registered or certified mail, postage prepaid, addressed to tenant at the address set forth in the Schedule, in which event the notice or demand shall be deemed to have been served at the time the same was posted plus two (2) business days, or to serve any such notice or demand personally. Any such notice or demand to be given by tenant to Landlord shall, until further notice, be deemed to have been served at the time the same were posted plus two (2) business days. Notwithstanding the foregoing, notices served with respect to emergency matters may be served personally or by telephone communication. Tenant is advised and acknowledges that until further notice to Tenant, the Managing Agent stipulated in the Schedule has authority to execute and deliver notice hereunder to Tenant on behalf of Landlord and Landlord's beneficiary.

29. NONWAIVER.

No waiver of any condition expressed in this Lease shall be implied by any neglect of Landlord to enforce any remedy on account of the violation of such condition whether or not such violation be continued or repeated subsequently, and no express waiver shall affect any condition other than the one specified in such waiver, and that one only for the time and in the manner specifically stated. Without limiting the provisions of Section 21, it is agreed that no receipt of moneys by Landlord from Tenant after the termination in any way of the Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Term or affect any notice given to Tenant prior to the receipt of such moneys. It is also agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any moneys due, and the payment of said moneys shall not waive or affect said notice, suit or judgment.

30. TENANT AUTHORITY TO EXECUTE LEASE.

If Tenant is a corporation, Tenant represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of the

Tenant and constitutes the valid and binding agreement of the tenant in accordance with the terms hereof and if Landlord so requests, Tenant shall deliver to Landlord or its agent, concurrently with the delivery of this Lease executed by Tenant, certified resolutions of the Board of Directors of Tenant authorizing Tenant's execution and delivery of this Lease and the performance of Tenant's obligations hereunder. If Tenant is a partnership, Tenant represents and warrants that all of the persons who are general or managing partners in said partnership have executed this Lease on behalf of Tenant, or that this Lease has been executed and delivered pursuant to and in conformity with a valid and effective authorization therefor by all of the general or managing partners of such partnership, and is and constitutes the valid and binding agreement of the partnership and each and every partner therein in accordance with its terms. It is agreed that each and every present and future partner in Tenant shall be and remain at all times jointly and severally liable hereunder and that the death, resignation or withdrawal of any partner shall not release the liability of such partner under the terms of this Lease unless and until the Landlord shall have consented in writing to such release.

31. REAL ESTATE BROKERS.

Tenant represents that Tenant has directly dealt with and only with the real estate broker or brokers disclosed in the Schedule (whose commission, if any, shall be paid by Landlord pursuant to separate agreement), as broker in connection with this Lease and agrees to indemnify and hold Landlord harmless from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any other broker or brokers or finders for any commission alleged to be due such broker or brokers or finders in connection with this Lease.

32. MISCELLANEOUS.

A. This Lease does not grant to tenant any rights to light or air over the Building.

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B. The words "Landlord" and "Tenant" wherever used in this Lease shall be construed to mean plural where necessary, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed. In the event that the Tenant shall consist of more than one party, all of such parties shall be jointly and severally liable for the obligations and liabilities of the Tenant hereunder.

C. Each provision hereof shall extend to and shall, as the case may require, bind and insure to the benefit of the Landlord and the Tenant and their respective heirs, legal representatives, successors and assigns in the event this Lease has been assigned with the express written consent of the Landlord; provided, however, this provision shall not be construed to permit



any assignment or subletting by Tenant.

D. Neither the submission of this Lease to Tenant, nor the execution of this Lease by Tenant and delivery of same to Landlord or the Managing Agent shall constitute a reservation of or option for the Premises or an agreement to enter into a lease. This Lease shall become effective only if and when Landlord executes and delivers same to Tenant, provided, however, the execution and delivery of Tenant of this Lease to Landlord or the Managing Agency shall constitute an irrevocable offer by Tenant to lease the Premises on the terms and conditions herein contained, which offer may not be withdrawn or revoked for thirty (30) days after such execution and delivery. If Tenant is a corporation, partnership, association or any other entity, it shall deliver to Landlord, concurrently with the delivery to Landlord of an executed lease, certified resolutions of Tenant's directors or other governing person or body authorizing execution and delivery of this Lease and the performance by Tenant of its obligations hereunder and the authority of the party executing the Lease as having been duly authorized to do so.

E. All riders and exhibits attached to this Lease and initialed by the Landlord and the Tenant are hereby made a part of this Lease as though inserted in this Lease.

F. The Tenant agrees that from time to time upon not less than ten (10) days prior request by the Landlord, the Tenant will deliver to the Landlord, or to such other party as Landlord may direct, a statement in writing certifying (i) that Tenant has accepted and is occupying the Premises and has commenced payment of Rent (or, if Tenant has not taken occupancy of commenced payment of Rent the Tenant shall certify as to the date on which it intends to take occupancy and when its obligation to pay Rent commences); (ii) the Commencement Date (or anticipated Commencement Date if the same has not then occurred) and the date of Termination of the Lease; (iii) that the Lease has not been changed, modified or amended, and is in full force and effect and free from any default by any party known to the Tenant (or, if the Lease has been changed, modified or amended, or if a default has been committed, the Tenant shall certify as to the date and nature of said change, modification or amendment, and the nature of any default known to the Tenant by either Landlord or Tenant); (iv) that the Tenant has no claims or rights against the Landlord by way of set-off or deduction against the amounts required to be paid by Tenant under the Lease; (v) that the Tenant has not paid Rent for more than the current month during which certification is made; (vi) that the tenant has not been granted any option or right of first refusal to purchase all or any portion of the Building; (vii) the dates to which the Rent and other charges have been paid, and (viii) such other information as Landlord shall reasonably request.

G. If any term, covenant or condition of this Lease or application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the

fullest extent permitted by law.

H. This Lease sets forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant, concerning the Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than herein set forth, except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

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I. Wherever there is provided in this Lease a time limitation for performance by the Landlord of any construction, repair, maintenance or service, the time provided shall be extended for as long as to the extent that delay in compliance with such limitation is due to an act of God, strikes, governmental control or other factors beyond the reasonable control of the Landlord. Subject to the preceding sentence, time is of the essence under this Lease and of each and all provisions thereof.

J. The law of the State of Illinois shall govern the validity, performance, construction and enforcement of this Lease. The headings or sections are for convenience only and do not define, limit or construe the contents of such sections or subsections. References made in this Lease to numbered section and subsections shall refer to numbered sections or subsections of this Lease unless otherwise indicated.

K. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any other provisions contained in this Lease nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

L. All covenants and agreements to be performed by tenant under any provisions of this Lease shall be performed by Tenant, at Tenant's sole cost and expense, and without any abatement of Rent. Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such cost being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of the encumbrance and note secured by any encumbrance covering the Premises or the Building of which the Premises are a part. Therefore, if any monthly installment of the Annual Base Rental is not received by Landlord by the date when due, or if Tenant fails to pay any other sum of money due hereunder and such failure continues for five (5) days after notice thereof by Landlord, Tenant shall pay to Landlord, as additional Rent,



the sum of five percent (5%) of the overdue amount as a late charge. Such amount if not received within said five (5) days shall also bear interest as provided in Section 21.1. Landlord's acceptance of any late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or any law now or hereafter in effect. Further, in the event such late charge is imposed by Landlord for any two (2) months during the Term hereof for whatever reason, Landlord shall have the option to require that, beginning with the first payment of Rent due following the imposition of the second late charge, Rent shall no longer be paid in monthly installments one month in advance but shall be payable three (3) months in advance on the first day of each calendar month of the Term.

33. LANDLORD.

The term "Landlord" as used in this Lease means only the owner or owners at the time being of the Building so that in the event of any assignment, conveyance or sale, once or successively of the Building, for any assignment of this Lease by Landlord, said Landlord named herein shall be and hereby is entirely free and relieved of all covenants and obligations of Landlord hereunder accruing after such sale or assignment, and Tenant agrees to look solely to such purchaser, grantee or assignee with respect thereto. This Lease shall not be affected by any such assignment, conveyance or sale and Tenant agrees to attorn to the purchaser, grantee or assignee.

The Landlord or any successor in interest that may be an individual, joint venture, tenancy in common, firm or

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partnership, general or limited, shall not be subject to personal liability on such individual or on the members of such joint venture, tenancy in common, firm or partnership in respect to any of the covenants or conditions of this Lease. The Tenant shall look solely to the equity of the Landlord in the Building and the rents, issues and profits derived therefrom for the satisfaction of the remedies of the Tenant in the event of a breach by the Landlord. It is mutually agreed that this clause is and shall be considered an integral part of the Lease. Such exculpation of personal liability is absolute and without any exception whatsoever.

34. QUIET ENJOYMENT.

Subject to the provisions of this Lease, Landlord covenants that Tenant, on paying the Rent and performing the covenants of this Lease on its part to be performed, shall and may peaceably have, hold and enjoy the Premises for the Term.

35. EARLY TERMINATION.

Landlord may terminate this Lease on the last day of any month in any year (a) if Landlord proposes or is required, for any reason, to remove or demolish the Building or any substantial portion of it. Such termination shall

become effective and conclusive by Landlord's written notice to Tenant not less than two hundred forty (240) days prior to the termination date fixed in the notice. No money or other consideration shall be payable by Landlord to Tenant for this right. The right hereby reserved by Landlord shall inure to all purchasers, assignees, lessees, transferees and ground or underlying lessee, as the case may be, and is in addition to all other rights of Landlord.

IN WITNESS WHEREOF, this instrument has been duly executed by the parties hereto, as of the date first above written.

LANDLORD

TENANT

M & J WILKOW MANAGEMENT CORPORATION,  
as Agent as aforesaid

INFINITY BROADCASTING CORPORATION OF  
ILLINOIS a Delaware corporation  
d/b/a radio stations WJJD and WJMK

By: [signature illegible]  
-----  
Marc R. Wilkow  
Executive Vice President

By: [signature illegible]  
-----  
Its  
-----

Attest:  
-----  
Its  
-----

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C E R T I F I C A T I O N  
-----  
(If Tenant is a Corporation)

I, Farid Suleman (Asst.) Secretary of Infinity Broadcasting Corporation  
-----  
of Illinois a Delaware corporation ("Tenant")  
-----  
hereby certify that the officers executing the foregoing Lease on behalf of the  
Tenant, were duly authorized to act in their capacities as  
-----  
and ----- and their actions are the action of the Tenant.  
-----

(CORPORATE SEAL)

/s/ FARID SULEMAN

-----  
Assistant Secretary

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R I D E R

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This Rider dated the 7th day of July, 1992 is to the Lease of even date herewith by and between M & J WILKOW MANAGEMENT CORPORATION, as agent for the beneficiary of American National Bank and Trust Company of Chicago, not personally but solely as Trustee under Trust No. 32115, and INFINITY BROADCASTING CORPORATION OF ILLINOIS, a Delaware corporation d/b/a radio stations WJJD and WJMK.

R-1. Tenant Improvement Allowance.

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Landlord shall provide to Tenant a tenant improvement allowance ("Tenant Improvement Allowance") of up to one hundred thirty-eight thousand five hundred seventy and 00/100 (\$138,570.00) to be used by Tenant for the purpose of making alterations, additions and improvements to the Premises, including equipment consistent with the Use being made of the Premises by Tenant ("Work"). Included within the cost of Work shall be only those items that generally enhance the value of the Premises to Tenant or to Landlord, in light of the Use Being made of the Premises as studios, offices, and related space for radio broadcasting facilities. The Tenant Improvement Allowance is due and payable to Tenant within thirty (30) days of presentation to Landlord by Tenant of appropriate invoices or other evidence of payment and lien waivers from those parties performing the Work on behalf of Tenant.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the day and year first above written.

LANDLORD:

TENANT:

M & J WILLOW MANAGEMENT CORPORATION  
as Agent as aforesaid

INFINITY BROADCASTING CORPORATION  
OF ILLINOIS  
d/b/a radio stations WJJD and WJMK

-----  
Marc R. Wilkow  
Executive Vice President

-----  
Name: Farid Suleman  
Title: VP Finance/CEO

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EXHIBIT "A"

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EXHIBIT "B"

GUARANTY

FOR VALUE RECEIVED, and in consideration of, and as an inducement for the execution and delivery of that certain Lease dated \_\_\_\_\_, 1992, between M & J Wilkow Management Corporation, as agent for the beneficiary of American National Bank and Trust Company of Chicago, not personally but solely as Trustee under Trust No. 32115 ("Landlord") and Infinity Broadcasting Corporation of Illinois, a Delaware corporation d/b/a radio stations WJJD and WJMK ("Tenant") covering Suite 1200 in the building situated at 180 North Michigan Avenue, Chicago, Illinois 60601; the undersigned Infinity Broadcasting Corporation; a Delaware corporation ("Guarantor") hereby guarantees to the Landlord, its successors and assigns, the full and timely performance and observance of all the covenants, terms, conditions and agreements therein provided to be performed and observed by the Tenant, its successors and assigns, and the Guarantor hereby covenants and agrees to and with the Landlord, its successors and assigns, that if default shall at any time be made by the Tenant its successors and assigns, in the performance and observance of any of the covenants, terms, conditions or agreements contained in said Lease, and Landlord after notice and legal process either terminates Tenant's right to possession of the Premises or terminates the Lease, the Guarantor will forthwith pay to the Landlord, its successors and assigns Landlord's unamortized leasing costs (as described below) plus any and all reasonable attorneys' fees and disbursements incurred by the Landlord relating to the enforcement of this Guaranty in full satisfaction of the obligations of Guarantor created hereunder. The Guarantor understands that the Landlord intends to amortize the aggregate gross rent abatements provided to Tenant under the Lease together with the aggregate of the tenant improvement allowance provided to Tenant under the Lease over the 120 month lease term. To the extent that the Tenant's right to possession of the Premises is terminated or the Lease is terminated as provided above prior in the expiration of such lease term then Guarantor shall reimburse Landlord for the unamortized portion of such leasing costs for the period from the date of such termination to the date of expiration of the 120 month period and shall also pay to Landlord interest thereon at rate of eight percent (8%) per annum which interest shall be presumed to have accrued thereon from the commencement date of the Lease through the date of reimbursement of the unamortized leasing costs to Landlord by Guarantor.

This Guaranty is an absolute and unconditional guaranty of payment and of performance, but Guarantor's liability hereunder shall be limited to those costs and expenses described herein above. It shall be enforceable against the

Guarantor without the necessity of any suit or proceedings on the Landlord's part of any kind or nature whatsoever against the Tenant (except as otherwise required or contemplated by the foregoing paragraph of this Guaranty), its successors and assigns, and without the necessity of any notice of nonpayment, nonperformance or nonobservance of any notice of acceptance of this Guaranty or of any other notice or demand to which the Guarantor might otherwise be entitled, all of which the Guarantor hereby expressly waives; and the Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall in nowise be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by the Landlord against the Tenant, or against the Tenant's successors and assigns, of any of the rights or remedies reserved to the Landlord pursuant to the provisions of the said Lease or by relief of Tenant from any of Tenant's obligations under the Lease or otherwise by (a) the release or discharge of the Tenant in any creditors' proceedings, receivership, bankruptcy or other proceedings, (b) the impairment, limitation, release or modification of the liability of the Tenant or the estate of the Tenant in bankruptcy, or of any remedy for the enforcement of the Tenant's said liability under the Lease, resulting from the operation of any present or future provision of the National Bankruptcy Act or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings.

This Guaranty shall be a continuing guaranty and the liability of the Guarantor shall in no way be affected, modified or diminished by reason of any assignment, amendment, renewal, supplement, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of said Lease, or by reason of any extension of time that may be granted by the Landlord to the Tenant, its successors or assigns or a changed or different use of the Leased Premises consented to in writing by Landlord or by reason of any dealings or transactions or matters or things occurring between the Landlord and the Tenant, its successors or assigns, whether or not notice thereof is given to the Guarantor or by the holding over of Tenant, its successors or assigns.

The Landlord's consent to any assignment or assignments, and successive assignments by the Tenant and Tenant's assigns of the Lease, made either with or without notice to the Guarantor, shall in no manner whatsoever release the Guarantor from any liability as Guarantor.

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The assignment by Landlord of the Lease and/or the avails and proceeds thereof made either with or without notice to the Guarantor shall in no manner whatsoever release the Guarantor from any liability as Guarantor.

All duties and obligations of the undersigned pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of the undersigned. If the undersigned consists of more than one person, then each person shall be jointly and severally liable for the obligations of the

undersigned under this Guaranty. The liability of Guarantor is coextensive with that of Tenant and an action may be brought against Guarantor and carried to final judgment with or without making Tenant a party thereto.

All of the Landlord's rights and remedies under the said Lease or under this Guaranty are intended to be distinct, separate and cumulative, and no such right and remedy therein mentioned is intended to be in exclusion of a waiver of any of the others. The obligation of the Guarantor hereunder shall not be released by Landlord's receipt, application of release of security given for the performance and observance of covenants and conditions required to be performed and observed by Tenant under said Lease, nor shall the Guarantor be released by the maintenance of or execution upon any lien which Landlord may have or assert against Tenant and/or Tenant's assets.

Guarantor waives any and all rights of subrogation against the Tenant by reason of any payments or acts of performance by the Guarantor, in compliance with the obligations of the Guarantor hereunder and waives any right to enforce any remedy which the Guarantor now or hereafter shall have against the Tenant by reason of any one or more payment or acts of performance in compliance with the obligations of the Guarantor hereunder. In addition, until all the covenants and conditions in said Lease on the Tenant's part to be performed and observed are fully performed and observed, the Guarantor subordinates any liability or indebtedness of the Tenant now or hereafter held by the Guarantor to the obligations of the Tenant to the Landlord under said Lease. Notwithstanding the foregoing, nothing in this Guaranty shall be construed to effect or require any subrogation, waiver, or subordination that is prohibited by the terms of the Amended and Restated Credit Agreement, dated as of September 30, 1991, as amended, by and among the Guarantor, Tenant, certain of Tenant's sister corporations, and the banks named therein (the "Credit Agreement"), together with all documents and instruments delivered thereunder, as well as all amendments thereto and any documents that replace, in whole or in part, the Credit Agreement and/or any such other documents or instruments in connection with a total or partial refinancing of the indebtedness covered by the Credit Agreement.

Guarantor hereby submits itself to the jurisdiction of the courts of the state in which the Leased Premises are located, and hereby irrevocably appoints the Tenant, or if Tenant is more than one person then any one of them, the manager, assistant manager and any acting manager of the facility being operated at any time during the term of the Lease at the Leased Premises and (if Tenant is a corporation, trustee or partnership) all persons of the Tenant upon whom service of process may be served for service upon Tenant as its agents for the service of process in any action against Guarantor arising out of this Guaranty. Pursuant to such service, suit may be brought against Guarantor in the country and state in which the Leased Premises are located. This provision does not affect any right to serve process upon Guarantor in any other manner permitted by law.

GUARANTOR:

INFINITY BROADCASTING CORPORATION

By: /s/ FARID SULEMAN

-----  
Name: Farid Suleman  
Title: Vice President Finance/CFO

Date: July 6, 1992  
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Address: 600 Madison Avenue  
-----  
New York, NY 10022  
-----

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EXHIBIT C

Rules and Regulations

1. The sidewalks, entrances, passages, concourses, ramps, courts, elevators, vestibules, stairways, corridors, or halls shall not be obstructed or used by Tenant or the employees, agents, servants, visitors or business of Tenant for any purpose other than ingress and egress to and from the Premises and for delivery of merchandise and equipment in prompt and efficient manner, using elevators, and passageways designated for such delivery by Landlord.

2. No awnings, air-conditioning units, fans or other projections shall be attached to the Building. No curtains, blinds, shades, or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises or Building, without the prior written consent of Landlord. All curtains, blinds, shades, screens or other fixtures must be of a quality type, design and color, and attached in the manner approved by Landlord. All electrical fixtures hung in offices or spaces along the perimeter of the Premises must be fluorescent, of a quality type, design and bulb color approved by Landlord unless the prior consent of Landlord has been obtained for other lamping.

3. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted, or affixed by any tenant on any part of the outside of the Premises or Building or on the inside of the Premises if the same can be seen from the outside of the Premises without the prior written consent of Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability, and may charge the expense incurred by such removal to the Tenant or Tenants violating this rule. Interior signs on

doors and the directory shall be inscribed, painted or affixed for each Tenant by Landlord at the expense of such Tenant, and shall be of a standard size, color and style acceptable to Landlord.

4. The exterior windows and doors that reflect or admit light and air into the Premises or the halls, passageways or other public places in the Building shall not be covered or obstructed by any Tenant, nor shall any articles be placed on the windowsills. No showcases or other articles shall be put in front or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules, nor shall any article obstruct any HVAC supply or exhaust without the prior written consent of Landlord.

5. The electrical and mechanical closets, water and wash closets, drinking fountains and other plumbing, electrical and mechanical fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, coffee grounds, acids or other substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same. No person shall waste water by interfering or tampering with the faucets or otherwise.

6. No portion of the Premises or the building shall be used or occupied at any time for manufacturing, for the storage of merchandise, for the sale of merchandise, goods or property of any kind at auction or otherwise or as sleeping or lodging quarters.

7. Tenant, any Tenant's servants, employees, agents, visitors or licensees, shall not at any time bring or keep upon the Premises any inflammable, combustible, caustic, poisonous or explosive fluid, chemical or substance.

8. No bicycles, vehicles or animals of any kind (other than a seeing eye dog for a blind person), shall be brought into or kept by any Tenant in or about the Premises or the Building.

9. Tenant shall not use or occupy or permit any portion of the Premises to be used or occupied as an office for a public stenographer or typist, offset printing or for the possession, storage, manufacture, sale of liquor, narcotics, dope, tobacco in any form or as a barber or manicure shop, an employment bureau, a labor office, a doctor's or dentist's office, a dance or music studio, any type of school, or for any use other than those specifically granted in

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the lease. Tenant shall not engage or pay any employees on the premises, except those actually working for such Tenant on said Premises, and Tenant shall not advertise for labor giving an address at said Premises.

10. Landlord shall have the right to prohibit any advertising by



any Tenant which in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a building for offices and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising. In no event shall Tenant without the prior written consent of Landlord, use the name of the Building or use pictures or illustrations of the Building.

11. Any person in the Building will be subject to identification by employees and agents of Landlord. All persons in or entering Building shall be required to comply with the security policies of the Building. Tenant shall keep doors to unattended areas locked and shall otherwise exercise reasonable precautions to protect property from theft, loss, or damage. Landlord shall not be responsible for the theft, loss or damage of any property.

12. No additional locks or bolts of any kind shall be placed on any door in the Building or the Premises and no lock on any door therein shall be changed or altered in any respect without the consent of Landlord. Landlord shall furnish two keys for each lock on exterior doors to the Premises and shall, on Tenant's request and at Tenant's expense, provide additional duplicate keys. All keys, including keys to storerooms and bathrooms, shall be returned to Landlord upon termination of this Lease. Landlord may at all times keep a pass key to the Premises. All entrance doors to the Premises shall be left closed at all times, and left locked when the Premises are not in use.

13. Tenant shall give immediate notice to Landlord in case of theft, unauthorized solicitation, or accident in the Premises or in the Building or of defects therein or in any fixtures or equipment or of any known emergency in the Building.

14. Tenant shall not use the Premises or permit the Premises to be used for photographic, multilith or multigraph reproductions, except in connection with its own business and not as a service for others, without Landlord's prior permission.

15. No freight, furniture or bulky matter of any description will be received into the Building or carried into the elevators except in such a manner, during such hours and using such elevators and passageways as may be approved by Landlord, and then only upon having been scheduled at least two (2) working days prior to the date on which such service is required. Any hand trucks, carryalls, or similar appliances used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as Landlord shall require.

16. Tenants, or the employees, agents, servants, visitors or licensees of Tenant shall not at any time place, leave or discard any rubbish, paper, articles, or objects of any kinds whatsoever outside the doors of the Premises or in the corridors or passageways of the Building.

17. Tenant shall not make excessive noises, cause disturbances or vibrations or use or operate any electrical or mechanical devices that emit excessive sound or other waves or disturbances or create obnoxious odors, any of which may be offensive to the other tenants and occupants of the Building or

that would interfere with the operation of any device, equipment, radio, television broadcasting or reception from or within the Building or elsewhere and shall not place or install any projections, antennas, aerials or similar devices inside or outside of the Premises or on the Building without Landlord's prior written approval.

18. Tenant shall comply with all applicable federal, state and municipal laws, ordinances and regulations, insurance requirements and building rules and regulations and shall not directly or indirectly make any use of the Premises which may be prohibited by any of the foregoing or which may be dangerous to persons or property or may increase the cost of insurance or require additional insurance coverage.

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19. Tenant shall not serve, nor permit the serving of alcoholic beverages in the Premises unless Tenant shall have procured Host Liquor Liability Insurance, issued by companies and in amounts reasonably satisfactory to Landlord, naming Landlord as an additional party insured.

20. The requirements of Tenant will be attended to only upon written application at the Office of the Building. Employees shall not perform any work or do anything outside of the regular duties unless under special instructions from the Office of the Building.

21. Canvassing, soliciting and peddling in the Building is prohibited and Tenant shall cooperate to prevent the same.

22. Except as otherwise explicitly permitted in its Lease, Tenant shall not do any cooking, conduct any restaurant, luncheonette or cafeteria for the sale or service of food or beverages to its employees or to others, install or permit the installation or use of any food, beverage, cigarette, cigar or stamp dispensing machine or permit the delivery of any food or beverage to the Premises, except by such persons delivering the same as shall be approved by Landlord.

23. Tenant shall at all times keep the Premises neat and orderly.

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Exhibit "D"

## LICENSE AGREEMENT

This Agreement, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1992, by and between M & J WILKOW MANAGEMENT CORPORATION (the "Licensor") as agent for the beneficiary of American National Bank and Trust Company of Chicago, not personally but solely as Trustee under Trust No. 32115 (the "Landlord"), and INFINITY BROADCASTING CORPORATION OF ILLINOIS, a Delaware corporation (the "Licensee").

1. PURPOSE: Licensor hereby grants to Licensee, and Licensee hereby accepts, a license to (a) install, maintain and operate for the term hereof, a satellite dish and microwave antenna system, consisting of (x) an approximately three (3) foot in diameter satellite dish mounted on wall of penthouse approximately four (4) feet from roof level; (y) four (4) satellite dishes, three (3) feet in diameter not attached, but weighted with cement blocks; and (z) an approximately nine (9) foot in diameter satellite dish welded on the column (collectively "Antenna") at the locations described on Appendix "A" attached hereto, on the roof of the Building known as 180 North Michigan Avenue, Chicago, Illinois, subject to all regulations, including but not limited to local zoning ordinances, in accordance with the following terms, covenants and conditions. Licensee shall remit, in advance to Licensor on or before the first day of each month a licensing fee of \$300.00 per month in consideration of the grant of this license.

2. TERM: The term of this License shall expire simultaneously with the expiration of the lease agreement (the "Lease") dated July 7, 1992 for premises known as Suite 1200 located at 180 North Michigan Avenue, Chicago, Illinois (the "Premises") between Licensee and Landlord, unless sooner terminated as provided herein.

3. PERMITS AND LICENSES: Licensee, at its sole effort and expense, will install, maintain and operate the Antenna in compliance with all laws, ordinances or regulations, federal, state or local, applicable thereto, and secure all licenses or permits which are necessary in connection with this License or the Antenna. Licensee will give Licensor timely notice of any requirements, whether governmental or otherwise, with which Licensor must comply pertaining to the Antenna, and Licensee will bear any cost attendant to such compliance. Licensee will have the ongoing duty to assure that the operation of the Antenna continues to be legal and that all required permits and licenses are maintained and kept current. Should the necessary governmental or other approvals, licenses or permits not be granted or after granted be withdrawn, cancelled or terminated, then this License will immediately terminate, and both parties will be relieved of any further obligation to the other (with the exception of Licensee's obligations under paragraphs 7 and 9 hereof).

4. TAXES: Licensor hereby acknowledges that the Antenna, irrespective of the fact that the same may be affixed or attached to the premises and otherwise by operation of law would become or could be deemed to become a part of the premises, shall not be nor be deemed to be a part of the premises and

shall at all times remain the sole and exclusive personal property of the Licensee. Licensee will pay all personal property, excise or other taxes, assessments and license fees relating to the operation of the Antenna.

5. **INSTALLATION:** The parties anticipate that the installation of the Antenna at the location agreed upon may require alterations or additions and utility connections (the "Installation"). Licensee will install the Antenna in a good and workmanlike manner under the supervision of Licensor and pursuant to plans and specifications approved in advance by Licensor in writing. Licensee shall not make any alterations or additions to the Antenna without the prior written consent of Licensee.

6. **MAINTENANCE:** Licensee will provide complete maintenance and repair services for the Antenna, pertaining to appearance, cleaning, parts and labor (whether or not the defects are covered by manufacturer's warranties), with the objective of keeping the Antenna in good operating order, condition and repair (the "Maintenance") all of which will be performed under the supervision of Licensor. Licensor shall have the right at all times, and from time to time, to inspect the Antenna and its location for any purpose whatsoever. If Licensee ceases to perform its Maintenance obligations in accordance herewith, Licensor may upon reasonable notice terminate this License, and Licensee shall thereafter remove the Antenna and perform its Removal and Restoration obligations outlined in paragraph 7 hereof, immediately after such event.

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7. **REMOVAL:** Upon termination of the License, Licensee shall remove the Antenna and all improvements from the premises (the "Removal") and restore the location to its appearance and condition existing immediately before the original installation of the Antenna (the "Restoration"). The Removal and Restoration must be performed under the supervision of Licensor and fully completed within thirty (30) days after termination of the license.

8. **SUBCONTRACTING AND RELATIONSHIP BETWEEN THE PARTIES:** Licensee may subcontract all or any part of the Installation, Maintenance, Removal, or Restoration of the Antenna. Should any part of the Licensee's responsibilities hereunder be subcontracted, such subcontractor shall be Licensee's sole responsibility and shall comply with all of the terms, covenants and conditions herein as if said subcontractor were included in the term "Licensee". Licensee and its subcontractors shall at all times be independent contractors, and it is not the intent of Licensee or Licensor to create any type of lease, employment, agency, partnership or joint venture relationship.

9. **INDEMNIFICATION AND INSURANCE:** The Installation, Maintenance, operation, use, Removal and Restoration of the Antenna shall be at Licensee's sole risk, cost and expense. Licensee hereby indemnifies and holds harmless and, at the option to Licensor, agrees to defend (with counsel reasonably acceptable to Landlord) Licensor, and Landlord, and their respective officers, directors, shareholders, partners, beneficiaries, contractors, employees, agents and affiliates, from any and all losses, claims, demands, judgments, damages, suits, liabilities or expenses of any kind or nature including reasonable attorney's fees for the defense thereof ("Claims"), arising directly

or indirectly from: (i) Licensee's or its employee's, agent's, customer's or contractor's use of the premises; (ii) the Installation, Maintenance, Removal, Restoration or operation of the Antenna; (iii) any breach or default on the part for Licensee in the performance of any covenant or agreement on the part of Licensee to be performed pursuant to the terms of this License; or (iv) any act or negligence of Licensee, its employees, agents, customers, or contractors, in or about the premises. If Licensor exercises its option to have Licensee's counsel defend Licensor, Licensee's counsel shall not enter into a settlement of any matter without the prior express written consent of Licensor. In addition, Licensee hereby releases Licensor and Landlord and their respective officers, directors, shareholders, partners, beneficiaries, contractors, employees, agents and affiliates from and waives all claims for damages of any kind or nature sustained by Licensee or its employees, agents, customers or contractors arising directly or indirectly from the use of or actions on the premises inclusive of the Installation, Maintenance, Removal, Restoration or operation of the Antenna. The covenants and agreements contained in this paragraph 9 shall survive the expiration or earlier termination of this License.

Licensee shall purchase and maintain such insurance throughout the term hereof as will protect Licensee and the "Additional Insureds" as described below from the Claims or losses Landlord may suffer which may arise out of, in connection with, or result from this License. Such insurance shall include: (i) commercial general liability insurance, including contractual liability coverage, covering property damage and liability for personal injuries, including death, with a limit of not less than One Million and 00/100 Dollars (\$1,000,000.00) for each occurrence; (ii) workmans compensation insurance, with Illinois statutory limits, covering employer's liability, and (iii) an umbrella liability policy in a limit of not less than Two Million and 00/100 Dollars (\$2,000,000.00) which policy shall insure over the underlying commercial general liability policy noted above. Such policies shall be secured from an insurance company with a Best rating or not less than an A10 which company must be licensed to do business in the State of Illinois. Such policies shall include Licensor and Landlord (inclusive of the land trust in which legal title to the premises is held and the beneficiary of said land trust) as additional named insureds. The policies shall be endorsed to provide that they may not be cancelled or altered, unless thirty (30) day prior written notice is given to Licensor.

#### 10. TERMINATION:

(a) Notwithstanding any other provision of this License to the contrary, in the event of a fire or other casualty or other loss and, as a result thereof Licensee's Antenna is in a state of disrepair or is inoperable, then and in such event Licensee shall either install a new Antenna or repair the existing Antenna within thirty (30) days of such event, or the license shall immediately terminate.

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(b) If Licensee fails in any respect to perform any agreements, covenant or obligation in the license, then and in such event, the Licensor, after the continuance of any such failure or default for thirty (30) days after giving notice thereof to the Licensee, may terminate this License or may (but this shall not be deemed to impose an obligation on the Licensor so to do) cure such failure or default, on behalf of and at the expense of the Licensee. A default under this license shall be "ipso facto" a default under the Lease.

(c) If the Licensee's Lease is terminated for any reason whatsoever, or if Licensee ceases to operate the Antenna, or if the operation of the Antenna at the location is determined in a judicial or administrative proceeding to be in violation of any law, rule or regulation, then and in such event, the license shall be terminated upon reasonable advance notice to the Licensee.

11. NOTICE: Notice hereunder shall be in writing and effected either by personal delivery, overnight courier service or by depositing the same in an official U.S. mail receptacle as certified mail, return receipt requested, postage prepaid, addressed, if to Licensor, to 180 N. Michigan Avenue, Suite 2000, Chicago, Illinois 60601 Attn: Marc R. Wilkow, and if to Licensee, at the Premises, or such other address as either party may from time to time designate. Any notice given under this Agreement shall be in writing and deemed received when delivered if personally served or sent via overnight courier service or if mailed, five (5) days after placing same in an official U.S. mail receptacle.

12. WAIVER: The rights and remedies of the parties hereunder and those provided by law shall be construed as cumulative and no one of them is exclusive of any other right or remedy hereunder or allowed by law, and shall be continuing rights, none of which shall be exhausted by being exercised on one or more occasions. A waiver by either party of any default, breach or failure of the other shall not be construed as a continuing waiver, or as a waiver of any subsequent or different default, breach or failure. In case of a breach by either party of any covenant, agreement or undertaking, the other party may accept from the party in breach any payment or payments hereunder without waiving any rights provided for herein with respect to any such breach.

13. ASSIGNMENT: Licensee may not assign or transfer this License without the prior written consent of the Licensor. Any attempted assignment or transfer in violation of this paragraph shall be void and confer no rights upon any third person.

14. LIABILITY OF LANDLORD: The Landlord and its managing agent or any successor in interest shall not be subject to recourse or personal liability in respect to any of the terms, covenants or conditions of this license. The Licensee shall look solely to the equity of Landlord or any successor in interest in the building and the rents, issues, and profits derived therefrom for the satisfaction of the remedies of Licensee hereunder. It is mutually agreed that this clause is and shall be considered an integral part of this

license. Such exculpation of personal liability is absolute and without any exception whatsoever.

15. LIENS: Licensee covenants not to suffer or permit any lien of mechanics or materialmen or others to be placed against the building in connection with the Antenna. In case of any lien so attaching, Licensee shall immediately cause it to be released and removed of record or shall secure a bond sufficient to cause Chicago Title Insurance Company to endorse over such lien.

16. MISCELLANEOUS;

(a) This License constitutes the entire understanding of the parties and supersedes any prior written or oral negotiations or understandings.

(b) It is the intention of the parties hereto that this license shall be construed and enforced in accordance with the laws of the State of Illinois.

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(c) If any provision of this license is held invalid or unenforceable, the remainder of this license shall not be affected thereby, and each other provision of this license shall be valid and enforceable to the fullest extent permitted by law.

LICENSOR:

M & J WILKOW MANAGEMENT CORPORATION,  
as agent aforesaid

By: /s/ MARC R. WILKOW

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Marc R. Wilkow  
Executive Vice President

LICENSEE:

INFINITY BROADCASTING CORPORATION  
OF ILLINOIS

By: /s/ FARID SULEMAN

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Name: Farid Suleman  
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Title: VP Finance/CFO  
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