

EXECUTION COPY

MERGER AGREEMENT

This MERGER AGREEMENT (this “*Agreement*”), made as of October 5, 2004, is by and among, INFINITY MEDIA CORPORATION, a Delaware corporation (“*Infinity*”), INFINITY BROADCASTING CORPORATION OF SAN FRANCISCO, a Delaware corporation (the “*Company*”), SPANISH BROADCASTING SYSTEM, INC., a Delaware corporation (“*SBS*”), and SBS Bay Area, LLC, a Delaware limited liability company (“*Merger Sub*”).

RECITALS

The Company is engaged in the business of owning and operating radio broadcast station KBAA(FM), San Francisco, California (Facility ID No. 1092) (the “*Station*”), pursuant to a license issued by the Federal Communications Commission (the “*FCC*”).

Infinity owns 100% of the issued and outstanding stock of the Company. SBS owns 100% of the issued and outstanding membership interests in Merger Sub.

The respective Boards of Directors of the Company and Merger Sub have determined that the merger (the “*Merger*”) of the Company with and into Merger Sub is in the best interests of the Company and Merger Sub, and each such Board of Directors, and Infinity and SBS as the sole stockholder of the Company and sole interest holder of Merger Sub, respectively, have approved the Merger upon the terms and subject to the conditions set forth in this Agreement.

Under the terms of this Agreement, shares of common stock, par value \$0.01 per share, of the Company issued and outstanding immediately prior to the Effective Time (the “*Company Stock*”) shall be converted into the right to receive Series C Convertible Preferred Stock, par value \$0.002 per share, of SBS (the “*SBS Series C Preferred Stock*”) and the Warrant (as defined in Section 1.9).

The parties intend that for federal income tax purposes the Merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “*Code*”).

NOW, THEREFORE, in consideration of the representations, warranties, covenants, conditions and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1

MERGER

1.1. Merger. Upon the terms and subject to the conditions of this Agreement, and in accordance with Delaware General Corporation Law (the “*DGCL*”) and the Delaware Limited Liability Company Act (“*DLLCA*”), at the Effective Time (as defined in Section 1.3 below), the Company shall be merged with and into Merger Sub and the separate corporate existence of the Company shall cease and Merger Sub shall continue as the surviving entity in the Merger (hereinafter sometimes referred to as the “*Surviving Company*.”)

1.2. Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 11.1, the consummation of the Merger (the “*Closing*”) shall take place at 10:00 a.m. on the fifth business day after the satisfaction or (subject to applicable law) waiver of the conditions set forth in Sections 6.3 and 7.3 at the offices of Leventhal Senter & Lerman PLLC, Washington, D.C., unless another time, date or place is agreed to in writing by Infinity and SBS. The date on which the Closing occurs shall be the “*Closing Date*.”

1.3. Effective Time. At the Closing, Merger Sub, as the Surviving Company, shall duly prepare, execute and acknowledge, and shall thereafter (a) file a certificate of merger (the “*Certificate of Merger*”) with the Secretary of State of the State of Delaware in such form as is required by, and executed in accordance with, the relevant provisions of the DGCL and the DLLCA to effectuate the Merger and (b) make all other filings or recordings required under the laws of Delaware to effectuate the Merger. The Certificate of Merger shall be effective on the later of the time of filing of the Certificate of Merger or at such subsequent time as the Company and Merger Sub shall agree and as shall be specified in the Certificate of Merger (the date and time the Merger becomes effective being the “*Effective Time*”).

1.4. Effects of the Merger. At and after the Effective Time, the Merger will have the effects set forth in this Agreement and the applicable provisions of the DGCL and the DLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, subject to the terms and conditions of this Agreement and the other documents contemplated hereby, all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company.

1.5. Limited Liability Company Agreement. The limited liability company agreement of Merger Sub, as in effect immediately prior to the Effective Time, shall be the limited liability company agreement of the Surviving Company until thereafter changed or amended.

1.6. Managers of the Surviving Company. The managers of Merger Sub immediately prior to the Effective Time shall be the managers of the Surviving Company, each to hold office from the Effective Time in accordance with the limited liability company agreement of the Surviving Company and until his or her successor is duly elected and qualified.

1.7. Officers of Surviving Company. The officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly appointed and qualified.

1.8. Further Action. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Company with the full right, title and possession to all assets, property, rights, privileges, immunities, powers and franchises of either or both the Company and Merger Sub, the stockholder of the Company and the sole interest holder of Merger Sub, by signing this Agreement, hereby authorize the officers and the member of the Surviving Company in the name of either or both the Company and Merger Sub or otherwise to take all such actions, and Infinity and the Company agree to take all such actions as are necessary to vest the Surviving Company with the full right, title and possession to all assets, property, rights, privileges, immunities, powers and franchises of either or both the Company and Merger Sub.

1.9. Effect on Capital Stock of the Merging Companies. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of Company Stock or of the holder of any membership interest in the Merger Sub:

(a) the issued and outstanding shares of Company Stock shall be converted into the right to receive (i) 380,000 validly issued, fully paid and non-assessable shares of SBS Series C Preferred Stock and (ii) a warrant to purchase an additional 190,000 shares of SBS Series C Preferred Stock as specified and in the form attached as Exhibit A hereto (the “*Warrant*”).

(b) each issued and outstanding limited liability company interest of Merger Sub shall remain outstanding and be converted into and become one validly issued, fully paid and non-assessable limited liability company interest of the Surviving Company.

1.10. Conversion of Company Stock. As of the Effective Time, upon the surrender of one or more certificates representing all of the outstanding shares of Company Stock immediately prior to the Merger, SBS shall issue and deliver to Infinity one or more certificates registered in the name of Infinity evidencing (a) 380,000 shares of SBS Series C Preferred Stock and (b) the Warrant. As of the Effective Time, all shares of Company Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and Infinity, as holder of the certificate or certificates that, immediately prior to the Effective Time, represented outstanding shares of Company Stock shall cease to have any rights with respect thereto, except the right to receive, upon the surrender of such certificate, the shares of SBS Series C Preferred Stock to which such holder is entitled pursuant to Section 1.9 hereof, as represented by one or more certificates, and the Warrant.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SBS

SBS represents and warrants to Infinity and the Company as follows:

2.1. Organization, Qualification and Standing. SBS is a corporation and Merger Sub is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of SBS and Merger Sub is duly qualified to do business as a foreign entity and in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified would not reasonably be expected to, individually or in the aggregate, (a) have a Material Adverse Effect on SBS or Merger Sub, or (b) impair the ability of SBS or Merger Sub to consummate the transactions contemplated by, or to satisfy their obligations under, this Agreement, or (c) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement (an “*SBS Material Adverse Effect*”). Each of SBS and Merger Sub has the requisite corporate power and authority to own its properties and to carry on its business as now conducted. SBS has delivered to Infinity true and complete copies of the certificate of incorporation and bylaws of SBS and the limited liability company agreement of Merger Sub, in each case as amended through the date of this Agreement.

2.2. Authorization and Binding Obligation. Each of SBS and Merger Sub has all necessary power and authority to enter into and perform its obligations under this Agreement and to complete the transactions contemplated hereby. Each of SBS’s and Merger Sub’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 SBS and Merger Sub and constitutes their respective valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting creditors’ rights or equitable principles generally.

2.3. SBS Series C Preferred Stock and Warrant to be Issued in this Transaction. Prior to the Closing, the issuance of SBS Series C Preferred Stock and the Warrant to Infinity pursuant to this Agreement will have been duly authorized by all necessary corporate action on the part of SBS.

2.4. Absence of Conflicting Agreements or Required Consents.

(a) Neither the execution and delivery by SBS and Merger Sub of this Agreement, the consummation by SBS and Merger Sub of the actions contemplated hereby nor compliance by SBS and Merger Sub with or fulfillment by either of them of the terms, conditions and provisions hereof will conflict with, or result in a violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation or loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Encumbrance upon any of the properties or assets of SBS or any SBS Subsidiary under, (i) the certificate of incorporation or bylaws of SBS or the limited liability company agreement of Merger Sub, (ii) subject to the government filings and other matters referred to in Article 4, any of the terms, conditions or provisions of any agreement, including but not limited to any indenture, credit agreement or other similar agreement providing for the issuance of debt, that is legally binding on SBS, any SBS Subsidiary or the Merger Sub, or any license held by any of them, or (iii) subject to

the governmental filings and other matters referred to in Article 4, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to SBS or Merger Sub or their respective properties or assets, other than, in the case of clause (ii) or (iii), any such items that, individually or in the aggregate, would not have an SBS Material Adverse Effect.

(b) Except for (i) consents, approvals, licenses, permits, orders, authorizations, registrations, declarations, filings or applications as may be required under, and other applicable requirements of, the Exchange Act, the Securities Act and the HSRA (ii) filings under state securities or “blue sky” laws, (iii) filings with the NASDAQ, (iv) approvals of and filings with the FCC under the Communications Act, (v) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and the filing of appropriate documents with the relevant authorities of other jurisdictions in which the Merger Sub or the Company is qualified to do business, and (vi) other consents, approvals, orders, authorizations, registrations, declarations, filings and applications expressly provided for in this Agreement, no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to SBS or Merger Sub in connection with the execution, delivery, performance or consummation by SBS and Merger Sub of this Agreement (except, in each of the foregoing cases, where the failure to obtain such consents, approvals, licenses, permits, orders or authorizations, or to make such registrations, declarations or filings, would not, individually or in the aggregate, have an SBS Material Adverse Effect).

2.5. SEC Documents.

(a) SBS has delivered or made available to Infinity (i) SBS’s annual report on Form 10-K for its fiscal year ended December 31, 2003, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended March 31, 2004 and June 30, 2004, (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of SBS held since December 31, 2003, and (iv) all of the other reports, statements, schedules and registration statements filed by SBS with the SEC since December 31, 2003 (the documents referred to in this Section 2.5(a), collectively, the “*SBS SEC Documents*”).

(b) As of its filing date (or, if amended or superceded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing), each SBS SEC Document filed prior to the date of this Agreement complied, and each such SBS SEC Document filed subsequent to the date of this Agreement and prior to the Closing will comply, as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be (including, without limitation, the applicable accounting requirements of the SEC and the published rules and regulations of the SEC with respect thereto).

(c) As of its filing date (or, if amended or superceded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing), each SBS SEC Document (as the information therein may have been amended, revised, restated or superceded, as the case may be, by a subsequent filing made prior to the date of this Agreement) filed prior to the date of this Agreement pursuant to the Exchange Act did not, and each such SBS SEC Document filed

subsequent to the date of this Agreement and prior to the Closing will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) At the time each SBS SEC Document filed after July 30, 2002 containing financial statements was filed with the SEC (or, if amended or superceded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing), such SBS SEC Document included or was accompanied by the certifications required by the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder (the "*Sarbanes-Oxley Act*"), each such certification complied in all material respects with the Sarbanes-Oxley Act and each such SEC Document otherwise complied in all material respects with the applicable requirements of the Sarbanes-Oxley Act.

2.6 Financial Statements.

(a) The financial statements of SBS included in the SBS SEC Documents (as the information therein may have been amended, revised, restated or superceded, as the case may be, by a subsequent filing made prior to the date of this Agreement) at the time filed (and, in the case of proxy statements, on the dates of effectiveness and the dates of mailing, respectively), were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or in the case of unaudited statements, as permitted by Form 10-Q of the SEC), and fairly present, in all material respects, the consolidated financial position of SBS and its consolidated SBS Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year end adjustments in the case of any unaudited financial statements).

(b) The management of SBS has: (i) implemented disclosure controls and procedures designed to provide reasonable assurance that material information relating to SBS and the SBS Subsidiaries is made known to the management of SBS by others within those entities; and (ii) disclosed, based on its most recent evaluation, to SBS's outside auditors and the audit committee of the Board of Directors of SBS: (A) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect the ability of SBS to record, process, summarize and report financial data; and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in SBS's internal control over financial reporting. A summary of any of those disclosures made by management to such auditors and such audit committee has been furnished to Infinity prior to the date of this Agreement. SBS and each of the SBS Subsidiaries maintain a system of internal accounting controls designed to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) accounts, notes and other receivables and

inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

(c) Since June 30, 2002, neither SBS nor any of the SBS Subsidiaries nor, to the knowledge of SBS, any director or executive officer of SBS or the SBS Subsidiaries, has received or otherwise had or obtained actual knowledge of any written complaint, allegation, assertion or claim that SBS believes is credible regarding the accounting or auditing practices, procedures, methodologies or methods of SBS or any of the SBS Subsidiaries or their respective internal accounting controls. No attorney representing SBS or any of the SBS Subsidiaries, whether or not employed by SBS or any of the SBS Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by SBS or any of its officers, directors, employees or agents to the Board of Directors of SBS or any committee thereof or to any director or executive officer of SBS.

(d) To the knowledge of SBS, no employee of SBS or any of the SBS Subsidiaries has provided or is providing information to any law enforcement agency regarding the commission or possible commission of any crime or the violation or possible violation of any law by SBS or any of the SBS Subsidiaries. Neither SBS nor any of the SBS Subsidiaries has discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against an employee of SBS or any of the SBS Subsidiaries in the terms and conditions of employment because of any act of such employee described in 18 U.S.C. §1514A(a).

(e) SBS is in compliance in all material respects with the provisions of the Sarbanes-Oxley Act applicable to it as of the date of this Agreement.

2.7. No Material Undisclosed Liabilities; Absence of Changes.

(a) Neither SBS nor any SBS Subsidiary has any liability or obligation which would be required by GAAP to be included in the financial statements of SBS as of the date of this Agreement, and there is no existing condition, situation or set of circumstances that would reasonably be expected to result in such a liability or obligation, other than (i) liabilities or obligations disclosed and provided for in the financial statements or in the notes thereto contained in SBS's quarterly report on Form 10-Q for the fiscal quarter that ended June 30, 2004, or (ii) other liabilities or obligations arising in the ordinary course of business that would not, individually or in the aggregate, have a Material Adverse Effect on SBS, or as disclosed on Schedule 2.7.

(b) Except as disclosed in the SBS SEC Documents filed with the SEC prior to the date of this Agreement since June 30, 2004 through the date hereof, SBS and each of the SBS Subsidiaries has conducted its business operations in the ordinary course and there has not been any change, effect, event or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have an SBS Material Adverse Effect. Without limiting the generality of the foregoing, since June 30, 2004 through the date of this Agreement, there has not occurred:

(i) any change or agreement to change the general character or nature of the business of SBS or any of the SBS Subsidiaries to business other than the broadcast of Spanish language radio or television (including Spanish language cable television);

(ii) any purchase, sale, transfer, assignment, conveyance or pledge of the assets or properties of SBS or any of the SBS Subsidiaries, except in the ordinary course of business;

(iii) any declaration or payment of any dividends, or other distributions in respect of the outstanding shares of capital stock of SBS or any of the SBS Subsidiaries (other than dividends paid by SBS in respect of its Series B Preferred Stock (as defined below) declared or paid by wholly-owned SBS Subsidiaries) or any other change in authorized capitalization of SBS or any of the SBS Subsidiaries, except as contemplated by this Agreement;

(iv) any grant or award of any options, warrants, conversion rights or other rights to acquire any shares of capital stock of SBS or any of the SBS Subsidiaries, except (A) as contemplated by this Agreement, or (B) pursuant to employee benefit plans, programs or arrangements disclosed in SBS SEC Documents filed with the SEC prior to the date of this Agreement; or

(vi) any entering into any commitment (contingent or otherwise) to do any of the foregoing.

2.8. Capitalization.

(a) The authorized capital stock of SBS consists of 100,000,000 shares of Class A common stock, par value \$0.0001 per share (the “*SBS Class A Common Stock*”), 50,000,000 shares of Class B common stock, par value \$0.0001 per share (the “*SBS Class B Common Stock*” and together with the Class A Common Stock, the “*Common Stock*”), and 1,000,000 shares of preferred stock, par value \$0.01 per share (the “*Preferred Stock*”). Of the 1,000,000 shares of authorized Preferred Stock, 280,000 shares are designated as 10¾% Series B cumulative exchangeable redeemable preferred stock, par value \$0.01 per share (the “*Series B Preferred Stock*”).

(b) As of the date of this Agreement, 39,656,755 shares of SBS Class A Common Stock, 25,105,150 shares of SBS Class B Common Stock and 80,880.220 shares of Series B Preferred Stock are issued and outstanding. In addition to shares that may be reserved for issuance in connection with the transactions contemplated by this Agreement, there are 5,553,652 shares of SBS Class A Common Stock reserved for issuance in connection with options or warrants that have been granted but not yet been exercised, and 592,648 shares of SBS Class A Common Stock have been reserved for options that have not yet been granted. All of the issued and outstanding shares of stock of SBS have been duly and validly authorized and are fully paid and non-assessable and not subject to any preemptive right, right of first refusal or similar rights granted by SBS. All of the issued and

outstanding shares of stock of SBS have been offered, issued and sold by SBS in material compliance with applicable Federal and state securities laws.

(c) Except as set forth in Schedule 2.8(c) hereto or as provided in this Agreement, (i) no subscription, warrant, option, convertible security or other right (contingent or otherwise) issued by SBS or any SBS Subsidiary to purchase or acquire any shares of capital stock of SBS or any SBS Subsidiary is authorized or outstanding, (ii) there is no commitment of SBS or any SBS Subsidiary to issue any subscription, warrant, option, convertible security or other such right or to issue or distribute to holders of any shares of its capital stock any evidences of indebtedness or assets of SBS or any SBS Subsidiary, (iii) neither SBS nor any SBS Subsidiary has any obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or make any other distribution in respect thereof, and (iv) there are no binding agreements between SBS or any SBS Subsidiary and any holder of its capital stock relating to the acquisition, disposition or voting of the capital stock of SBS or any SBS Subsidiary. Except as provided in the Stockholder Agreement, no person or entity is entitled to any preemptive right, right of first refusal or similar rights granted by SBS with respect to the issuance of any capital stock of SBS.

(d) SBS is not a party to any voting trusts or agreements, stockholders agreement, pledge agreements, buy-sell agreements, agreements containing rights of first refusal or preemptive rights, and there are no proxies, in each case, relating to the equity securities of SBS, except as disclosed in the SBS SEC Documents or as provided in the Stockholder Agreement. Except as set forth on Schedule 2.8(d) and as provided in the Registration Rights Agreement to be delivered pursuant to this Agreement, no person or entity has been granted rights by SBS with respect to the registration of any capital stock of SBS under the Securities Act.

(e) The Certificate of Designation for the SBS Series C Preferred Stock is attached hereto as Exhibit B (the “*Certificate of Designation*”). Prior to the Closing, the Certificate of Designation will have been duly filed with the Secretary of State of the State of Delaware. The designations, powers, preferences, rights, qualifications, limitations and restrictions in respect of SBS Series C Preferred Stock will be as set forth in the Certificate of Designation, and all such designations, powers, preferences, rights, qualifications, limitations and restrictions are valid, binding and enforceable in accordance with their terms and in accordance with applicable law. When issued and delivered to Infinity pursuant to this Agreement, the SBS Series C Preferred Stock and the Warrant issued pursuant to this Agreement shall be duly authorized, validly issued, fully paid, non-assessable and not subject to any preemptive right, right of first refusal or similar purchase right and will be free and clear of all Encumbrances imposed by or through SBS, except for restrictions imposed by Federal or state securities or “blue sky” laws. Prior to the Closing, a sufficient number of authorized, but unissued shares of Class A Common Stock and SBS Series C Preferred Stock will have been reserved for issuance upon conversion of the SBS Series C Preferred Stock and exercise of the Warrant, as the case may be.

(f) The consummation of the transactions contemplated by this Agreement will not trigger the anti-dilution provisions or other price adjustment mechanisms of any outstanding

subscriptions, options, warrants, calls, contracts, preemptive rights, demands, commitments, conversion rights or other agreements or arrangements of any character or nature whatsoever under which SBS is or may be obligated to issue or acquire its stock.

(g) Except as set forth in Schedule 2.8(g) hereto, SBS owns directly or indirectly, of record and beneficially, free and clear of all Encumbrances, all of the issued and outstanding capital stock of all of the SBS Subsidiaries.

2.9. Compliance. Neither SBS nor the SBS Subsidiaries is in conflict with, or in default or violation of, (a) any law applicable to SBS or any of the SBS Subsidiaries or by which any property or asset of SBS or any of the SBS Subsidiaries is bound or affected or (b) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which SBS or any of the SBS Subsidiaries is a party or by which the SBS or any of the SBS Subsidiaries is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have a SBS Material Adverse Effect.

2.10. Governmental Authorizations. SBS and each of the SBS Subsidiaries has all permits, licenses, orders, franchises and other rights and privileges of all federal, state, local or foreign governmental or regulatory bodies, required for SBS and such SBS Subsidiaries to conduct their respective businesses as presently conducted other than permits, licenses, orders, franchises and other rights and privileges which if not held by SBS or such SBS Subsidiary would not, individually or in the aggregate, have an SBS Material Adverse Effect. All such permits, licenses, orders, franchises and other rights and privileges are in full force and effect and, to the knowledge of SBS, no suspension, cancellation or adverse modification of any of them is threatened, and none of such permits, licenses, orders, franchises or other rights and privileges will be affected in any material respect by the consummation of the transactions contemplated in this Agreement. Without limiting the generality of the foregoing, SBS and the SBS Subsidiaries hold all FCC licenses, permits and other authorizations required for SBS and such SBS Subsidiaries to conduct their respective businesses as presently conducted (the “*SBS FCC Licenses*”). Except as set forth on Schedule 2.10, each of the SBS FCC Licenses is valid and in full force and effect. SBS and the SBS Subsidiaries have operated their respective businesses in all material respects in accordance with such SBS FCC Licenses and in compliance with the Communications Act and the rules and regulations of the FCC. Except as set forth on Schedule 2.10, neither SBS nor any of the SBS Subsidiaries has received any notice of cancellation, of default or of any dispute concerning any SBS FCC License.

2.11. Contracts and Commitments. All of the material contracts of SBS or any of the SBS Subsidiaries that are required to be described in the SBS SEC Documents, or to be filed as exhibits thereto, prior to the date hereof are described in the SBS SEC Documents filed prior to the date hereof or filed as exhibits thereto and are in full force and effect. True and complete copies of all such material contracts have been made available to Infinity. All material contracts to which SBS or any of the SBS Subsidiaries are parties on or prior to the date hereof which will be required to be described or filed as an exhibit in the SBS SEC Documents required to be filed following the date hereof have been provided to Infinity and are in full force and effect. Except as set forth on Schedule

2.11, neither SBS nor any of the SBS Subsidiaries nor, to the knowledge of SBS, any other party is in material breach of or in material default under any such contract.

2.12. Transactions with Related Parties. Except disclosed in the SBS SEC Documents, there are no loans, leases or other agreements, understandings or continuing transactions between SBS or any of the SBS Subsidiaries on the one hand, and any officer or director of SBS or any of the SBS Subsidiaries or any person owning five percent (5%) or more of the Common Stock or any respective family member or affiliate of such officer, director or shareholder on the other hand that are required by federal securities laws to be disclosed in the SBS SEC Documents.

2.13. FCC Qualifications. SBS and Merger Sub are legally and financially qualified under existing law, including the Communications Act and the existing rules and regulations of the FCC to control the Station. Neither SBS nor Merger Sub has knowingly taken any action which would reasonably be expected to cause the FCC or any other Governmental Entity to institute proceedings against SBS or Merger Sub with respect to their respective legal qualifications to acquire the Company Stock or knowingly taken any other action which would reasonably be expected to result in SBS or Merger Sub being in noncompliance in any material respect with the ownership requirements of the Communications Act (or of any other Governmental Entity having jurisdiction) or knowingly taken any action which would impair SBS's or Merger Sub's qualification to be the transferee of the FCC Licenses. Immediately following the Merger and assuming exercise of the warrant by Infinity, Raúl Alarcón, Jr. will hold or have the right to vote shares of the capital stock and other securities of SBS having more than 50 percent of the Total Voting Power of all outstanding shares and other securities of SBS. Immediately following the Merger and assuming exercise of the Warrant by Infinity, Infinity will hold or have the right to vote shares of the capital stock and other securities of SBS having less than 5 percent of the Total Voting Power of all outstanding shares and other securities of SBS. "*Total Voting Power*" means the total number of votes that may be cast in the election of directors of SBS if all securities entitled to vote in such election are present and voted.

2.14. Taxes. Except as would not have a SBS Material Adverse Effect, (a) each of SBS and the SBS Subsidiaries has timely filed all federal, state, local and foreign tax returns and reports (including extensions) required to be filed by it and has paid and discharged all Taxes shown as due thereon and has paid all of such other Taxes as are due, other than such payments as are being contested in good faith by appropriate proceedings, (b) neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting or, to the knowledge of SBS after due inquiry, threatening to assert against SBS or any of the SBS Subsidiaries any deficiency or claim for Taxes, (c) the accruals and reserves for Taxes reflected in the SBS balance sheet included in its Annual Report on Form 10-K for fiscal year 2003 and the most recent quarterly financial statements are adequate to cover all Taxes accruable through the date thereof in accordance with United States generally accepted accounting principles, (d) SBS and the SBS Subsidiaries has withheld or collected and paid over to the appropriate governmental authorities or is properly holding for such payment all Taxes required by law to be withheld or collected, (e) there are no liens for Taxes upon the assets of SBS or the SBS Subsidiaries, other than liens for Taxes that are being contested in good faith by appropriate proceedings, (f) SBS has not constituted a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock

qualifying for tax-free treatment under Section 355 of the Code in the two years prior to the date of this Agreement, and (g) all Tax Returns filed by or on behalf of SBS with respect to all taxable periods ending on or before the Closing Date are true, correct and complete.

2.15. No Finder. Neither SBS, Merger Sub, nor any party acting on its or their behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

2.16. Section 203 of the DGCL. The restrictions on “business combinations” (as defined in Section 203 of the DGCL) are inapplicable to the Merger, this Agreement, the Warrant, the Stockholder Agreement and the transactions contemplated hereby and thereby.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF INFINITY

Infinity represents and warrants to SBS and Merger Sub as follows:

3.1. Organization, Qualification and Standing. Each of Infinity and the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Infinity and the Company is duly qualified to do business as a foreign entity and in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified could not reasonably be expected to (a) have a Material Adverse Effect on Infinity, or (b) have a Material Adverse Effect on the Surviving Company, or (c) impair the ability of Infinity or the Company to consummate the transactions contemplated by, or to satisfy their obligations under, this Agreement, or (d) delay in any material respect or prevent the consummation of any of the transactions contemplated by this Agreement (an “*Infinity Material Adverse Effect*”). Each of Infinity and the Company has the requisite corporate power and authority to own its properties and to carry on its business as now conducted. Infinity has delivered to SBS true and complete copies of the certificate of incorporation and bylaws the Company, as amended through the date of this Agreement.

3.2. Authorization and Binding Obligation. Each of Infinity and the Company has all necessary power and authority to enter into and perform its obligations under this Agreement and to complete the transactions contemplated hereby. Each of Infinity’s and the Company’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 Infinity and the Company and constitutes their respective valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting creditors’ rights or equitable principles generally.

3.3. Absence of Conflicting Agreements or Required Consents.

(a) Neither the execution and delivery by Infinity of this Agreement, the consummation by Infinity of the actions contemplated hereby nor compliance with or fulfillment by

Infinity of the terms, conditions and provisions hereof will conflict with, or result in a violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation or loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Encumbrance upon any of the properties or assets of Infinity under, (i) the certificate of incorporation or bylaws of Infinity, (ii) subject to the government filings and other matters referred to in Article 4, any of the terms, conditions or provisions of any agreement, including but not limited to any indenture, credit agreement or other similar agreement providing for the issuance of the debt, that is legally binding on Infinity, or any license held by Infinity, or (iii) subject to the governmental filings and other matters referred to in Article 4, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Infinity or their respective properties or assets, other than, in the case of clause (ii) or (iii), any such items that, individually or in the aggregate, would not have an Infinity Material Adverse Effect.

(b) Neither the execution and delivery by the Company of this Agreement, the consummation by the Company of the actions contemplated hereby nor compliance with or fulfillment by the Company of the terms, conditions and provisions hereof will conflict with, or result in a violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation or loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Encumbrance upon any of the properties or assets of the Company under, (i) the certificate of incorporation or bylaws of the Company, (ii) subject to the government filings and other matters referred to in Article 4, any of the terms, conditions or provisions of any material agreement, including but not limited to any indenture, credit agreement or other similar agreement providing for the issuance of the debt, that is legally binding on the Company, or any material license held the Company, or (iii) subject to the governmental filings and other matters referred to in Article 4, any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or their respective properties or assets.

(c) Except for (i) consents, approvals, licenses, permits, orders, authorizations, registrations, declarations, filings or applications as may be required under, and other applicable requirements of the HSRA, (ii) approvals of and filings with the FCC under the Communications Act, (iii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and the filing of appropriate documents with the relevant authorities of other jurisdictions in which the Company is qualified to do business, and (iv) other consents, approvals, orders, authorizations, registrations, declarations, filings and applications expressly provided for in this Agreement, no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by Infinity in connection with the execution, delivery, performance or consummation by Infinity of this Agreement (except where the failure to obtain such consents, approvals, licenses, permits, orders or authorizations, or to make such registrations, declarations or filings, would not, individually or in the aggregate, have a Infinity Material Adverse Effect).

(d) Except for (i) consents, approvals, licenses, permits, orders, authorizations, registrations, declarations, filings or applications as may be required under, and other applicable requirements of the HSRA, (ii) approvals of and filings with the FCC under the Communications Act, (iii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and the filing of appropriate documents with the relevant authorities of other jurisdictions in which the Company is qualified to do business, and (iv) other consents, approvals, orders, authorizations, registrations, declarations, filings and applications expressly provided for in this Agreement, no material consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by the Company in connection with the execution, delivery, performance or consummation by the Company of this Agreement.

3.4. Capitalization; Ownership.

(a) The authorized capital stock of the Company consists of 1,000 shares of common stock, par value \$0.01 per share, 1,000 shares of which are issued and outstanding. All of the Company Stock is owned beneficially and of record by Infinity, free and clear of all Encumbrances, and the Company Stock has been duly authorized, was validly issued, and is fully paid, non-assessable and not subject to any preemptive right, right of first refusal or similar purchase right. There are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Infinity or the Company is a party or by which any of them is bound obligating Infinity or the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other securities of the Company or obligating Infinity or the Company to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. There are no outstanding contractual obligations of Infinity or the Company to repurchase, redeem or otherwise acquire any interest in the Company. There are no outstanding contractual obligations of Infinity to vote or to dispose of any of its interest in the Company.

(b) Except as disclosed in Schedule 3.4, the Company owns no subsidiaries or equity or debt interests in any entity.

3.5. Absence of Liabilities. The Company has no material liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities or obligations (a) under the Assumed Contracts and the FCC Licenses, or (b) which will be assumed by Infinity pursuant to Section 5.3 hereof prior to the Effective Time, or (c) which will be incurred pursuant to the LMA.

3.6 Absence of Material Adverse Effect. Between January 1, 2004 and the date of this Agreement, there has not been any change, effect, event or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company.

3.7. Taxes. (a) Except as would not have an Infinity Material Adverse Effect, (i) the Company has timely filed (or been included in) all federal, state, local and foreign tax returns and reports (including extensions) required to be filed by the Company or on behalf of the Company, and the Company has paid and discharged (either directly or indirectly) all Taxes shown as due thereon and has paid (directly or indirectly) all of such other Taxes as are due, other than payments being contested in good faith by appropriate proceedings; (ii) neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting or, to the best knowledge of Infinity, threatening to assert against the Infinity or any of its subsidiaries any deficiency or claim for a material amount of Taxes; (iii) the accruals and reserves for Taxes reflected in the Balance Sheet are adequate to cover all Taxes accruable through the date thereof in accordance with United States generally accepted accounting principles; (iv) the Company has withheld or collected and paid over to the appropriate governmental authorities or is properly holding for such payment all Taxes required by law to be withheld or collected; (v) there are no liens for Taxes upon the assets of the Company, other than liens for Taxes that are being contested in good faith by appropriate proceedings and for which the Company has established adequate reserves; (vi) the Company has not constituted a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in the two years prior to the date of this Agreement; and (vii) all Tax Returns filed by or on behalf of the Company with respect to all taxable periods ending on or before the Closing Date are true, correct and complete.

(b) No election under Section 338 has been made by or with respect to the Company or any of its assets or properties within the last three years.

(c) The Company owns no subsidiaries. The Company has an interest in a partnership as disclosed in Schedule 3.4.

3.8. Governmental Authorizations and FCC Licenses. The Company has all material permits, licenses, orders, franchises and other rights and privileges of all federal, state, local or foreign governmental or regulatory bodies, required for the Company to perform its obligations under the LMA. All such permits, licenses, orders, franchises and other rights and privileges are in full force and effect and, to the knowledge of Infinity and the Company, no suspension, cancellation or adverse modification of any of them is threatened, and subject to the requirement to obtain the FCC Consent, and compliance with the HRSA, none of such permits, licenses, orders, franchises or other rights and privileges will be affected in any material respect by the consummation of the transactions contemplated in this Agreement. Without limiting the generality of the foregoing, the Company holds the FCC licenses, permits and other authorizations set forth on Schedule 3.8 (the “*FCC Licenses*”). Except as set forth on Schedule 3.8, each of such FCC Licenses is valid and in full force and effect. The Company has operated the Station in all material respects in accordance with such FCC Licenses and in compliance with the Communications Act. Except as set forth on Schedule 3.8, no application, action or proceeding is pending for the renewal or modification of any of such FCC License and no notice of cancellation, of default or of any dispute concerning any such FCC License has been received by the Company. Neither Infinity nor the Company has knowingly taken any action which would reasonably be expected to cause the FCC or any other Governmental

Entity to institute proceedings against the Surviving Company or SBS with respect to their respective legal qualifications to acquire the Station or consummate the transactions contemplated hereby or knowingly taken any other action which would reasonably be expected to result in SBS or Surviving Company being in noncompliance in any material respect with the ownership requirements of the Communications Act (or of any other Governmental Entity having jurisdiction) or knowingly taken any action which would impair SBS's or Merger Sub's qualification to be the transferee of the FCC Licenses.

3.9. Litigation. Except as set forth on Schedule 3.9, as of the date hereof there is no litigation, action, suit, investigation or other proceeding (each a "*Proceeding*") pending or, to the knowledge of Infinity or the Company, threatened against Infinity, Parent or the Company (a "*Threatened Proceeding*") in relation to the Station, except for Proceedings or Threatened Proceedings affecting the radio broadcast industry generally. Except as set forth on Schedule 3.9, as of the date hereof, there is no pending Proceeding or Threatened Proceeding which would, if adversely decided, impair the ability of Infinity or the Company to perform their respective obligations in accordance with the terms of this Agreement. Except as set forth on Schedule 3.9, there is no Pending or Threatened Proceeding against the Company which may result in damages or a monetary forfeiture in excess of \$100,000, or in any Material Adverse Effect on the Company, or in any impairment of the right or ability of the Company to carry on its business as now conducted, except for Proceedings or Threatened Proceedings affecting the radio broadcast industry generally.

3.10. Real Property. The Company owns no real property. All of the Company's real property leases or licenses are set forth on Schedule 3.10. True, correct and complete copies of all such leases and licenses have been provided to SBS, except as disclosed on Schedule 3.12(b), which disclosure shall contain a summary of all material terms governing such leases and licenses. The Company and Infinity are in compliance in all material respects with the real estate leases and licenses used in the business of the Company.

3.11. Title to and Condition of Tangible Personal Property. The Company owns and has good and marketable title to the tangible personal property identified on Schedule 3.11(a) and affiliates of the Company currently own and have good and marketable title to the tangible personal property identified on Schedule 3.11(b) (together with the tangible personal property listed on Schedule 3.11(a) the "*Personal Property*"), free and clear of any Encumbrance other than Permitted Encumbrances. The tangible personal property identified on Schedule 3.11(b) will be transferred to the Company prior to Closing. As of the date of this Agreement, the Personal Property is in good operating condition and repair (ordinary wear and tear excepted) and is available for immediate use in the conduct of the business and operation of the Station. None of the Personal Property is in need of maintenance or repairs except in the ordinary course of business.

3.12. Contracts.

(a) Schedule 3.12(a) contains a list of all contracts, agreements, leases and legally binding contractual rights to which the Company is a party or by which it is bound, written or oral (collectively, “*Contracts*”) as of the date of this Agreement, except for Contracts to be assigned to and assumed by Infinity pursuant to Section 5.3 prior to the Effective Time.

(b) Except as noted on Schedule 3.12(b), the Company has furnished SBS with true, correct and complete copies of all written Contracts listed on Schedule 3.12(a) (the “*Assumed Contracts*”), including all amendments or modifications thereto, and a memorandum summarizing the material terms of any oral Assumed Contract. To the extent that complete copies of Assumed Contracts have not been delivered, Infinity will use reasonable efforts to obtain and deliver a complete copy before the Merger, and the missing copies do not contain any terms, conditions or other provisions that will have a Material Adverse Effect on the Surviving Company.

(c) To the Company’s knowledge, all Assumed Contracts are valid, binding and enforceable by the Company in accordance with their respective terms, except as limited by laws affecting creditors’ rights or equitable principles generally. The Company is not in default under any of the Assumed Contracts nor is any party thereto claiming that the Company is in default under any of the Assumed Contracts, except where such default would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Surviving Company. To the Company’s knowledge, no other contracting party is in default under any of the Assumed Contracts. Except as set forth in Schedule 3.12(c), the Merger will not require the consent of any third party or affect the terms, validity, enforceability and continuity of any of the Assumed Contracts, except where the failure to obtain such third party consent would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Surviving Company.

3.13. Employees.

(a) The Assumed Contracts do not include any employment agreement. The Company has no obligation to make payments to any employee except for obligations that will be assumed by Infinity pursuant to Section 5.3 prior to the Effective Time.

(b) The Company is not a party to any contract or agreement with any labor organization, nor has the Company agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of the Company’s employees.

(c) Except as will be assumed by Infinity pursuant to Section 5.3 prior to the Effective Time, the Company is not a party to or bound by any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), whether or not such plan is otherwise exempt from the provisions of ERISA, with respect

to any past or present employee of the Company and no such employee or spouse of such employee is entitled to any benefits that would be payable pursuant to any such plan. Except as will be assumed by Infinity pursuant to Section 5.3 prior to the Effective Time, the Company has no fixed or contingent benefit-related liability or obligation to any person now or formerly employed by the Company, including, without limitation, pension or thrift plans, individual or supplemental pension or accrued compensation arrangements, contributions to hospitalization or other health or life insurance programs, incentive plans, bonus arrangements, sick leave, disability and termination arrangements or policies, including workers' compensation policies.

3.14. Compliance With Laws. The Company has at all times since its inception operated and is operating in material compliance with all laws, regulations and governmental orders applicable to its business and operations. The Company has not received any unresolved notice asserting any material noncompliance with any applicable statute, rule or regulation, in connection with its business or operations.

3.15. Purchase for Own Account. The shares of SBS Series C Preferred Stock and the Warrant to be acquired by Infinity pursuant to the Merger (the "*Merger Stock*") will be acquired for investment for Infinity's own account, not as a nominee or agent, and not with a view to the resale or public distribution of any part thereof in violation of any requirements of the Securities Act or applicable state securities laws.

3.16. Restricted Securities. Infinity understands and acknowledges that the Merger Stock has not been registered under the Securities Act, and that such securities are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, Infinity must hold the Merger Stock until its resale is registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

3.17. Legend. Infinity understands and acknowledges that the certificate or certificates evidencing the shares of SBS Series C Preferred Stock will bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND NO SALE OR DISTRIBUTION OF SUCH SECURITIES MAY BE EFFECTED WITHOUT EITHER AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933.

3.18. Accredited Investor. Infinity is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.19. No Finder. Neither Infinity, the Company, nor any party acting on its or their behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

3.20. Books and Records. The minute books and stock record books of the Company, all of which have been made available to SBS, are complete and correct. The minute books of the Company contain accurate and complete records of all meetings held of, and corporate action taken by, the stockholders, the Boards of Directors, and committees of the Boards of Directors of the Company, and no meeting of any such stockholders, Board of Directors, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company.

3.21. Environmental Matters. The Company is, and at all times has been, in material compliance with, and has not been and is not in material violation of or liable under, any environmental, health or safety legal requirement in effect as of the date hereof applicable to the Company's ownership and operation of the Station ("*Environmental Law*"). With respect to the Company and the Station, neither Infinity nor the Company has any basis to expect, nor has any of them, and to the knowledge of Infinity and the Company, any other person or entity for whose conduct they are or may be held to be responsible, received any actual or threatened order, notice, or other written communication from (i) any governmental body or private citizen acting in the public interest, or (ii) the current or prior owner or operator of any facilities, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or threatened obligation to undertake or bear the cost of any environmental, health, and safety liabilities with respect to any of the facilities of the Company or any other properties or assets (whether real, personal, or mixed) in which the Company has had an interest or in which the Station has operated, or with respect to any property or facility at or to which hazardous materials were generated, manufactured, refined, transferred, imported, used, or processed by Infinity, the Company or any other person or entity for whose conduct they are or may be held responsible, or from which hazardous materials have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

ARTICLE 4

FCC AND OTHER GOVERNMENTAL CONSENTS

4.1. FCC Application. The consummation of the transactions contemplated by this Agreement is conditioned upon the prior consent of the FCC to the transfer of control of the FCC Licenses from Infinity to SBS (the "*FCC Consent*"). No later than five (5) business days after the date of this Agreement, Infinity and SBS shall prepare and jointly file an application or applications requesting the FCC's consent to the transfer of control of the FCC Licenses from Infinity to SBS or a Subsidiary thereof (the "*FCC Application*"). Infinity and SBS shall thereafter prosecute the FCC Application in good faith and with all reasonable diligence and otherwise use their commercially reasonable efforts to obtain the grant of the FCC Application as expeditiously as practicable. 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 Section 11.1.

4.2. Compliance with HSRA. Each party shall make or cause to be made in a timely fashion, and in any event within ten (10) business 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 consummation of the transactions contemplated by this Agreement is conditioned upon the expiration of the applicable waiting period under the HSRA without the institution or threat of any action with respect to such consummation.

4.3. Other Consents. Promptly following the execution of this Agreement, the parties shall prepare and file with the appropriate Governmental Entity or third parties any other requests for approval or waiver that are required from such Governmental Entity or third party 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 waivers.

ARTICLE 5

COVENANTS AND AGREEMENTS

5.1. Control of Station. Prior to the Closing, neither SBS nor Merger Sub shall directly or indirectly control, supervise or direct the operations of the Station. Such operations shall be the sole responsibility of the Company and, subject to the provisions of this Article 5, shall be in its complete discretion.

5.2. Operation of the Station and the Company. From the date of this Agreement until the Effective Time, except as expressly permitted by this Agreement or with the prior written consent of SBS, which consent shall not be unreasonably withheld:

(a) The Company shall operate the Station in accordance with the Local Marketing Agreement of even date herewith by and between the Company and Merger Sub (the "*LMA*");

(b) The Company shall not sell, assign, lease or otherwise transfer or dispose of any of its assets, except for assets consumed or disposed of in the ordinary course of business, where no longer used or useful in the business or operation of the Station, in which event the same shall be replaced with assets of equal or greater value and utility;

(c) Neither Infinity nor the Company shall amend, or permit the amendment of, the certificate of incorporation or bylaws of the Company;

(d) The Company shall operate the Station in accordance with the FCC's rules and regulations and the FCC Licenses (except to the extent the FCC has waived temporarily any such requirement), and shall not cause or permit by any act, or failure to act, any of the FCC Licenses to expire, be surrendered, adversely modified, or otherwise terminated;

(e) The Company shall not waive any material right under any Assumed Contract;

(f) The Company shall not amend or renew any Assumed Contract, except as consistent with the LMA;

(g) The Company shall timely make all payments required to be paid under any Contract when due and otherwise pay all liabilities and satisfy all obligations when such liabilities and obligations become due;

(h) The Company shall conduct its operations in material compliance with law;

(i) The Company shall maintain its books and records in accordance with its past practices;

(j) The Company shall not create, incur, guarantee or assume any indebtedness for borrowed money or enter into any capitalized leases;

(k) The Company shall not acquire any business, invest in any corporation, partnership, association or other business organization or otherwise make an investment, by acquisition or otherwise, in any material assets;

(l) Subject to the terms and conditions of the LMA, the Company shall conduct the business of the Company in the ordinary course; and

(m) Except pursuant to the LMA, the Company shall not enter into any agreement or contract which shall require the Company to perform any obligations or assume or maintain any liabilities after the Closing.

5.3. Permitted Distributions; Required Assumptions. Notwithstanding anything to the contrary in this Agreement, between the date hereof and the Effective Time, the Company may distribute to Infinity all of the Company's cash and cash equivalents (including any marketable securities or certificates of deposit), all accounts receivable (including intercompany receivables), all other current assets, and all assets not identified on Schedules 3.8, 3.11 or 3.12. Prior to the Effective Time, the Company shall assign all Contracts not listed on Schedule 3.12 to Infinity and Infinity shall assume all obligations and liabilities of the Company under such Contracts and all intercompany payables of the Company, and the Surviving Company shall be released from any liability therefor.

5.4. Access to the Company's Properties. Between the date of this Agreement and the Closing Date, Infinity and the Company shall give SBS and its representatives reasonable access to the Company's properties, records and employees and shall furnish SBS with all information that SBS reasonably requests. SBS's rights under this Section shall not be exercised in any manner that would interfere unreasonably with the business of the Station.

5.5. SBS Covenants. From the date of this Agreement until the Closing Date, except as expressly permitted by this Agreement, or as required by law, or with the prior written consent of Infinity, SBS shall not, and shall not permit any of the SBS Subsidiaries to:

- (a) adopt or propose any change to its certificate of incorporation or bylaws or other constituent documents;
- (b) adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization (other than a merger or consolidation between wholly owned SBS Subsidiaries); merge or consolidate with any other company; or acquire a material amount of stock or assets of any other company or person;
- (c) issue or agree to issue any stock or other equity securities or any warrant, option, convertible security or other right (contingent or otherwise) to acquire stock or equity securities, except pursuant to plans, instruments or agreements disclosed on Schedule 2.8(c);
- (d) redeem, purchase or otherwise acquire, or propose to redeem, purchase or otherwise acquire, any material portion of its shares of capital stock or other equity securities held by an Related Party;
- (e) split, combine, subdivide or reclassify any shares of its capital stock or other equity securities;
- (f) take any affirmative action that would require the consent of the holders of a majority of the SBS Series C Preferred Stock pursuant to the Certificate of Designation;
- (g) take any action, or fail to take any action, in violation of the Stockholder Agreement;
- (h) declare or pay any dividends, or make any other distributions in respect of the outstanding shares of capital stock of SBS or any of the SBS Subsidiaries (other than dividends paid by SBS in respect of its Series B Preferred Stock declared or paid by wholly-owned SBS Subsidiaries);
- (i) take any affirmative action that would cause Infinity or Viacom Inc. to acquire an “attributable interest” in SBS or any broadcast stations controlled by SBS as a result of the Merger, the conversion of the SBS Series C Preferred Stock to Class A Common Stock or the exercise of the Warrant under the rules or policies of the FCC; or
- (j) agree or commit to do any of the foregoing.

5.6. Confidentiality. Each party shall keep confidential, and cause its agents, attorneys, employees and representatives to keep confidential, all Evaluation Material as defined by and in

accordance with the Confidentiality Agreement dated July 26, 2004, by and between SBS and Viacom, Inc., which is hereby incorporated by reference.

5.7. Public Announcement. None of the parties hereto shall, without the approval of the other, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by law or by the rules, regulations or policies of any national securities exchange or association or Governmental Entity, in which case the other parties shall be advised and the parties shall use their commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the parties hereby acknowledge and agree that communications among employees of the parties hereto and their attorneys, representatives and agents necessary to consummate the transactions contemplated hereby shall not be deemed a public announcement for purposes of this Section. In furtherance of the foregoing, upon the execution and delivery of this Agreement, the parties hereto will cooperate in respect of the immediate issuance of a mutually acceptable press release relating to the transactions contemplated by this Agreement.

5.8. Advice of Changes. From the date hereof until the Effective Time, each party shall promptly advise the other parties orally and in writing of (a) any representation or warranty made by it contained in this Agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified becoming untrue or inaccurate in any material respect, (b) the failure by any party or one of its affiliates to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or (c) any change, effect, event or occurrence that has resulted, or which can reasonably be expected to result, in any of the conditions set forth in Sections 6 or 7 not being satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

5.9. Employment Matters. At Closing and as of the Effective Time, the Company will terminate any employee remaining on the Company's payroll. Infinity or an affiliate of Infinity shall have the right to employ such persons in other capacities.

5.10. Registration Rights Agreement. At the Closing, SBS and Infinity shall enter into the Registration Rights Agreement in the form of Exhibit C hereto (the "*Registration Rights Agreement*").

5.11. Reorganization Treatment.

(a) Each of SBS, Merger Sub, Infinity and the Company, as applicable, represents, warrants and covenants as follows: (i) each of SBS, Merger Sub, Infinity and the Company intends that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and Treasury Regulation Section 1.368-2T(b)(1)(ii) and each party will take the position for all Tax purposes that the Merger so qualifies unless a contrary position is required by a "determination" within the meaning of Section 1313(a) of the Code (or by a comparable state, local or foreign provision), (ii) none of SBS, Merger Sub, Infinity or the Company has taken or agreed to take any

action that would prevent the Merger from constituting a transaction qualifying as a “reorganization” within the meaning of Section 368(a) of the Code and Treasury Regulation Section 1.368-2T(b)(1)(ii), (iii) none of SBS, Merger Sub, Infinity or the Company is aware of any agreement, plan or other circumstance that would prevent the Merger from so qualifying as a “reorganization,” and (iv) SBS, Merger Sub, Infinity and the Company shall each use its respective commercially reasonable efforts to cause the Merger to qualify as a “reorganization” within the meaning of Section 368(a) of the Code and Treasury Regulation Section 1.368-2T(b)(1)(ii), and shall not take actions, cause actions to be taken, or fail to take actions that are reasonably likely to prevent the Merger from so qualifying as a “reorganization.”

(b) Each of SBS and Merger Sub represents, warrants and covenants as follows: (i) at all times Merger Sub has been and is currently disregarded as an entity separate from SBS for federal income tax purposes, (ii) Merger Sub has not made and will not make an election under Treasury Regulation Section 301.7701-3 or take any other action to be treated as an association taxable as a corporation or a partnership for U.S. federal income tax purposes, and (iii) following the Merger, SBS will or will cause Merger Sub (or a corporation controlled by SBS within the meaning of Section 368(a)(2)(C) of the Code) to continue the business or to use a significant portion of the Company’s business assets in a business.

5.12. Use of Infinity, KBAA, KBAY and Other Trademarks. Immediately following the Effective Time, SBS shall cause the Surviving Company to: (a) cease and desist from all further use of the name “Infinity,” “KBAA,” “KBAY,” MUSIC THAT MOVES THE WORLD, CONTINUOUS SOFT ROCK, SOFT ROCK HITS, SOFT ROCK HITS OF YESTERDAY AND TODAY, THE 15 IN A ROW WHILE YOU WORK STATION or any trade names, trademarks, identifying logos or service marks related thereto (including “Infinity Broadcasting”), or any part or variation of any of the foregoing or any confusingly similar trade names, trademarks or logos (collectively, “*Infinity’s Trademarks and Logos*”); and (b) to adopt new trade names, trademarks, identifying logos and service marks related thereto which are not confusingly similar to Infinity’s Trademarks and Logos. SBS acknowledges and agrees that Infinity’s Trademarks and Logos are the property of the Company, Infinity or their affiliates. Between the date hereof and the Effective Time, the Company shall transfer any rights it holds in Infinity’s Trademarks and Logos to Infinity or its affiliates pursuant to Section 5.3 hereof and none of Infinity’s Trademarks and Logos will be owned by the Surviving Company.

5.13. Tax Matters.

(a) The Company or an affiliate of Infinity shall file on a timely basis all Tax Returns with respect to the Company (or that include the Company on a consolidated or combined basis) for taxable periods ending on or before the Closing Date. All such Tax Returns will be true, complete and correct in all material respects. Infinity or an affiliate of Infinity will pay all Taxes due with respect to such Tax Returns or otherwise.

(b) Following the date hereof, the Company shall (i) give SBS and its authorized representatives, full access to its books and records (and permit SBS to make copies thereof) to the extent relating to the Company, as SBS may reasonably request, (ii) permit SBS to make inspections

thereof, and (iii) cause the Company's officers and advisors (including, without limitation, its auditors, attorneys, financial advisors and other consultants, agents and advisors) to furnish SBS with such financial, tax and other operating data and other information with respect to the business and properties of the Company's for periods ending before or including the Closing Date as SBS may reasonably request.

(c) Each of SBS, the Company and Infinity and their affiliates will provide the other parties with such assistance as may reasonably be requested by any of them in connection with the preparation of any Tax Return, any audit or other examination by any Taxing Authority, any judicial or administrative proceedings relating to liability for Taxes, or any other claim arising under this Agreement, and each will retain and provide the others with any records or information that may be relevant to any such Tax Return, audit or examination, proceeding or claim. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant Tax Returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other parties for reasonable out of pocket expenses incurred in providing such assistance. Notwithstanding any other provision of this Section, Infinity hereby agrees that it will retain, until all appropriate statutes of limitation (including any extensions) expire, copies of all Tax Returns, supporting work schedules and other records or information which may be relevant to such Tax Returns.

ARTICLE 6

CONDITIONS PRECEDENT TO SBS AND MERGER SUB'S OBLIGATION TO CLOSE

The obligations of SBS and Merger Sub hereunder are, at their option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

6.1. Representations, Warranties and Covenants.

(a) All representations and warranties of Infinity (considered collectively) and the Company (considered individually) made in this Agreement shall be accurate in all material respects (except such representations and warranties which are qualified by materiality or Material Adverse Effect, which shall be accurate in all respects) on and as of the Closing Date as if made on and as of that date, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct on and as of such earlier date).

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

6.2. Corporate Action. Infinity and the Company shall have taken all action necessary to approve the transactions contemplated by this Agreement, and shall have delivered certified copies

of the resolutions of the boards of directors of Infinity and the Company and the written consent of Infinity as the sole stockholder of the Company approving the transactions contemplated by this Agreement.

6.3. Governmental Consents. The FCC shall have granted the FCC Consent, and the FCC Consent shall be effective and in full force and effect. The waiting period under the HSRA shall have terminated or expired.

6.4. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

ARTICLE 7

CONDITIONS PRECEDENT TO INFINITY AND THE COMPANY'S OBLIGATION TO CLOSE

The obligations of Infinity and the Company hereunder are, at their option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

7.1. Representations, Warranties and Covenants.

(a) All representations and warranties made by SBS (considered collectively) and Merger Sub (considered individually) in this Agreement shall be true and complete in all material respects (except such representations and warranties which are qualified by materiality or Material Adverse Effect, which shall be accurate in all respects) on and as of the Closing Date as if made on and as of that date, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct on and as of such earlier date).

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

7.2. Corporate Action. SBS and Merger Sub shall have taken all action necessary to approve the transactions contemplated by this Agreement, and shall have delivered certified copies of the resolutions of the board of directors of SBS and board of managers of Merger Sub and the written consent of SBS as the sole holder of interests of Merger Sub approving the transactions contemplated by this Agreement.

7.3. Governmental Consents. The FCC shall have granted the FCC Consent, and the FCC Consent shall be effective and in full force and effect. The waiting period under the HSRA shall have terminated or expired.

7.4. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

7.5. No Material Adverse Effect. No change, occurrence or development that may reasonably be likely to have a Material Adverse Effect on SBS shall have occurred or become known to Infinity.

7.6. No Change in Control. There shall have been no change in control of SBS, either voluntary or involuntary, as “control” is defined by the FCC, and Raúl Alarcón, Jr. shall have delivered a certification to Infinity that he has not entered into any agreement and is not negotiating any agreement that would result in such a change of control.

ARTICLE 8

DOCUMENTS TO BE DELIVERED AT THE CLOSING

8.1. Documents to be Delivered by Infinity and the Company. At the Closing, Infinity and the Company shall deliver to SBS and Merger Sub the following:

(a) a certificate signed by an officer of Infinity and the Company, dated the Closing Date, in form and substance reasonably satisfactory to SBS and Merger Sub, certifying to the fulfillment of the conditions set forth in Section 6.1 hereof;

(b) certified copies of the resolutions of the boards of directors of Infinity and the Company and of Infinity as the sole stockholder of the Company approving the transactions contemplated by this Agreement; and

(c) a certificate duly completed and executed by an officer of the Company, dated the Closing Date, in form and substance reasonably satisfactory to SBS and Merger Sub, and in accordance with Section 1.1445-2(b)(2) of the Treasury Regulations, certifying that the Company is not a “foreign person” within the meaning of Section 1445 of the Code.

8.2. Documents to be Delivered by SBS and Merger Sub. At the Closing, SBS and Merger Sub shall deliver to Infinity and the Company the following:

(a) a certificate signed by an officer of SBS or Merger Sub, dated the Closing Date, in form and substance reasonably satisfactory to Infinity and the Company, certifying to the fulfillment of the conditions specified in Section 7.1;

(b) certified copies of the resolutions of the boards of directors of SBS and Merger Sub and of SBS as the sole stockholder of Merger Sub approving the transactions contemplated by this Agreement;

(c) one or more certificates registered in the name of Infinity evidencing 380,000 shares of SBS Series C Preferred Stock; and

(d) the Warrant.

8.3. Documents to be Delivered by Infinity and SBS. At the Closing, Infinity and SBS shall execute and deliver the Registration Rights Agreement.

ARTICLE 9

TRANSFER TAXES, FEES AND EXPENSES

9.1. Transfer Taxes and Similar Charges. Any sales, use, documentary, stamp or other transfer tax (including any penalties, additions to tax and interest) imposed on this transaction shall be borne equally by Infinity and SBS. Infinity and the Surviving Company shall cooperate in preparing and filing all necessary Tax Returns and other documentation with respect to all such transfer Taxes.

9.2. Governmental Filing or Grant Fees. Any filing or grant fees (including FCC and HSRA filing fees) imposed by any governmental authority, the consent of which is required for the transactions contemplated hereby, shall be borne equally by Infinity and SBS.

9.3. Expenses. Except as otherwise provided in this Agreement, each party hereto shall be solely responsible for and shall pay all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

ARTICLE 10

INDEMNIFICATION

10.1. Infinity's Indemnities.

(a) Infinity shall indemnify, defend and hold harmless SBS, Merger Sub, the Surviving Company, their affiliates, employees, successors and assigns, shareholders, directors, and officers ("*SBS Indemnitees*"), from and against, and shall reimburse them for, all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, interest, penalties, court costs and reasonable attorneys' fees and expenses ("*Losses*"), asserted against, resulting to, imposed upon or incurred by any SBS Indemnatee, directly or indirectly, with respect to (i) Infinity's ownership or the business or operations of the Company prior to the Effective Time except to the extent such expenses are addressed in the LMA; (ii) the breach by Infinity or the Company of any agreement or covenant contained in this Agreement; or (iii) the breach or inaccuracy of any representation or warranty of Infinity contained in this Agreement.

(b) An SBS Indemnatee shall give Infinity written notice of any claim or the commencement of any action or proceeding for which SBS Indemnatee seeks indemnification within

thirty (30) days after receipt by the SBS Indemnatee of notice of such claim or action and the SBS Indemnatee shall permit Infinity to assume the defense of any such claim or any litigation resulting from such claim with counsel reasonably satisfactory to the SBS Indemnatee. An SBS Indemnatee's failure to give Infinity timely notice shall not preclude the SBS Indemnatee from seeking indemnification from Infinity except to the extent that the SBS Indemnatee's failure has materially prejudiced Infinity's ability to defend the claim or litigation.

(c) Infinity shall not settle any claim for which a SBS Indemnatee seeks indemnification or consent to entry of any judgment in litigation arising from such a claim without obtaining a release of the SBS Indemnatee from all liability in respect of such claim or litigation. If Infinity shall not assume the defense of any such claim or litigation resulting therefrom, or if injunctive relief is sought against a SBS Indemnatee, the SBS Indemnatee may, but shall have no obligation to, defend against or settle such claim or litigation in such manner as it may deem appropriate. Infinity shall promptly reimburse the SBS Indemnatee for the amount of all expenses, legal or otherwise, incurred by the SBS Indemnatee in connection with the defense against or settlement of such claim or litigation. If no settlement of the claim or litigation is made, Infinity shall promptly reimburse the SBS Indemnatee for the amount of any judgment rendered with respect to such claim or in such litigation and of all expenses, legal or otherwise, incurred by the SBS Indemnatee in the defense against such claim or litigation.

(d) Infinity shall pay, indemnify and hold harmless SBS, the Company, and their successors, from and against all liabilities for Taxes of Infinity, the Company or any of their respective affiliates attributable to taxable periods ending on or before the Closing Date, including any Taxes due as a result of the Merger. For purposes of this Section 10.1(d), the Closing Date shall be treated as the last day of a taxable period whether or not the taxable period in fact ends on the Closing Date. The Company and Infinity shall mutually agree on the amount, if any, of Taxes properly accruable for any taxable period that does not in fact end on the Closing Date. The Company and Infinity shall each bear its own costs in determining any amount due under this Section 10.1(d). For purposes of this Section 10.1(d) and the calculation of any indemnity, interest, penalties or additions to tax accruing after the Closing Date with respect to a liability for Taxes for which Infinity indemnifies the Company shall be deemed to be attributable to a taxable period ending on or before the Closing Date.

10.2. SBS's Indemnities.

(a) SBS or Merger Sub shall indemnify, defend and hold harmless Infinity, the Company, their affiliates, employees, successors and assigns, shareholders, directors and officers (the "*Infinity Indemnitees*"), from and against, and shall reimburse them for, all Losses asserted against, resulting to, imposed upon, or incurred by any Infinity Indemnatee with respect to: (i) the ownership or operation of the Surviving Company or the Station after the Effective Time; (ii) the breach by SBS or Merger Sub of any agreement or covenant contained in this Agreement; or (iii) the breach or inaccuracy of any representation or warranty of SBS contained in this Agreement.

(b) An Infinity Indemnitee shall give SBS or Merger Sub written notice of any claim or the commencement of any action or proceeding for which Infinity Indemnitee seeks indemnification within thirty (30) days after receipt by the Infinity Indemnitee of notice of such claim or action and the Infinity Indemnitee shall permit SBS or Merger Sub to assume the defense of any claim or any litigation resulting from such claim. An Infinity Indemnitee's failure to give SBS or Merger Sub timely notice shall not preclude the Infinity Indemnitee from seeking indemnification from SBS or Merger Sub except to the extent that the Infinity Indemnitee's failure has materially prejudiced SBS or Merger Sub's ability to defend the claim or litigation.

(c) SBS or Merger Sub shall not settle any claim for which a Infinity Indemnitee seeks indemnification or consent to entry of any judgment in litigation arising from such a claim without obtaining a release of the Infinity Indemnitee from all liability in respect of such claim or litigation. If SBS or Merger Sub shall not assume the defense of any such claim or litigation resulting therefrom, or if injunctive relief is sought against a Infinity Indemnitee, the Infinity Indemnitee may, but shall have no obligation to, defend against or settle such claim or litigation in such manner as it may deem appropriate. SBS or Merger Sub shall promptly reimburse the Infinity Indemnitee for the amount of all expenses, legal or otherwise, incurred by the Infinity Indemnitee in connection with the defense against or settlement of such claim or litigation. If no settlement of the claim or litigation is made, SBS or Merger Sub shall promptly reimburse the Infinity Indemnitee for the amount of any judgment rendered with respect to such claim or in such litigation and for all expenses, legal or otherwise, incurred by the Infinity Indemnitee in the defense against such claim or litigation.

10.3. Certain Limitations.

(a) All indemnification payments under this Agreement shall be determined on a pre-tax basis, *i.e.*, without regard to the tax consequences to the indemnitee of making a payment that is indemnified by another party under this Agreement or of receiving a payment under this Agreement as indemnification therefor.

(b) Neither Infinity nor SBS shall have any obligation to indemnify the SBS Indemnitees or the Infinity Indemnitees, as the case may be, in respect of claims under Sections 10.1(a)(i), 10.1(a)(iii), 10.2(a)(i), or 10.2(a)(iii) until, and only to the extent that, the SBS Indemnitees' or the Infinity Indemnitees' aggregate Losses under Sections 10.1(a)(i), 10.1(a)(iii), 10.2(a)(i), or 10.2(a)(iii) exceed \$200,000 (the "*Basket Amount*"). The maximum liability of Infinity or SBS for Losses under Sections 10.1(a)(i), 10.1(a)(iii), 10.2(a)(i) or 10.2(a)(iii) shall be \$20,000,000 (the "*Cap*"), provided, however, that the cap shall not apply to (i) breaches of representation or warranty included in Sections 2.1, 2.2, 2.3, 2.4, 2.15, 2.16, 3.1, 3.2, 3.3, 3.4, 3.8 and 3.19 hereof or (ii) any intentional breach or fraud. Neither the Basket Amount nor the Cap shall apply to Infinity's obligation to indemnify the SBS Indemnitees for breach of Section 3.6 (Taxes) or Section 10.1(d).

(c) At Infinity's election, Infinity may satisfy its indemnity obligations hereunder by delivering to SBS shares of SBS Series C Preferred Stock with a value on the date of delivery

equal to the amount of SBS's indemnifiable Losses. The value of such SBS Series C Preferred Stock shall be the product of (i) the number of shares delivered ~~times~~ (ii) 20 ~~times~~ (iii) the average of the closing prices for SBS Class A Common Stock for the five (5) consecutive trading days commencing six (6) days before the date of delivery of the shares.

10.4. Survival of Representations, Warranties and Obligations. All representations, warranties, covenants and obligations contained in this Agreement shall survive the Effective Time; provided, however, that the representations and warranties contained in Articles 2 and 3 of this Agreement shall terminate twelve (12) months after the Closing Date, except that any representation or warranty relating to Taxes shall terminate at the time the applicable statute of limitations with respect to the Taxes in question expire (giving effect to any extension thereof) and except that any representations or warranties included in Sections 2.1, 2.2, 2.3, 2.4, 2.8, 2.15, 2.16, 3.1, 3.2, 3.3, 3.4, 3.8 and 3.19 shall survive without limitation as to time. This Section 10.4 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time. Notwithstanding the foregoing, a claim for fraud or intentional breach may be made at any time.

ARTICLE 11

TERMINATION RIGHTS

11.1. Termination. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual consent of all parties hereto; or
- (b) by any party hereto, upon written notice to the other parties upon the occurrence of any of the following:
 - (i) if, on or prior to the Closing Date, the other party defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements contained herein such that there would be a failure of the condition to closing of the non-breaching party and such default is not cured within fifteen days after the non-defaulting party has provided the defaulting party with written notice specifying the event or events that, if not cured, would constitute a default and specifying the actions necessary to cure the default(s) within such period;
 - (ii) if the FCC denies the FCC Application or any part thereof or designates any part of it for a trial-type hearing;
 - (iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing; or
 - (iv) if the Closing has not occurred twelve months from the date of acceptance for filing of the FCC Application.

11.2. Liability. The termination of this Agreement under Section 11.1 hereof shall not relieve any party of any liability for breach of this Agreement prior to the date of termination.

11.3. Effect of Termination. The termination of this Agreement shall not affect the following sections of this Agreement, which shall remain in full force and effect following any termination: Sections 5.6 (Confidentiality) and 9.3 (Expenses).

11.4. Parent Guaranty. Infinity Broadcasting Corporation, a Delaware corporation (“*Parent*”), hereby irrevocably and unconditionally guarantees to SBS the due and punctual payment and performance of the obligations of Infinity and the Company arising under this Agreement (including but not limited to any indemnification obligations of Infinity under Article 10). Parent represents that it is receiving material benefit from the execution of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE 12

OTHER PROVISIONS

12.1. 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 SBS or Merger Sub nor Infinity or the Company may assign its rights under this Agreement without the prior written consent of the other party hereto. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

12.2. Entire Agreement. This Agreement and the exhibits and schedules hereto 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. 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 SBS or Merger Sub or Infinity or the Company 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.

12.3. 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.

12.4. 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.

12.5. 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. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in a New York state or federal court sitting in the City of New York, and the parties hereto irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. Each party agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. **THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING IN ANY WAY TO THIS AGREEMENT, INCLUDING WITH RESPECT TO ANY COUNTERCLAIM MADE IN SUCH ACTION OR PROCEEDING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED SOLELY BY A JUDGE.** The parties hereto 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.

12.6. Construction. 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.

12.7. Attorneys' Fees. In the event of any dispute between the parties to this Agreement, Infinity and the Company, or SBS and Merger Sub, 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.

12.8. 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.

12.9. 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 Infinity or the Company:

Infinity Media Corporation
1515 Broadway, 46th Floor
New York, NY 10036
Attention: Jacques Tortoroli
Facsimile: (212) 846-3999

With copies, which shall not constitute notice, to:

General Counsel
Viacom Inc.
1515 Broadway
New York, New York 10036
Facsimile: (212) 846-1994

Leventhal Senter & Lerman PLLC
2000 K Street, N.W.
Suite 600
Washington, DC 20006-1809
Attention: Steven A. Lerman, Esq.
Facsimile: (202) 293-7783

If to SBS or Merger Sub:

Mr. Raúl Alarcón, Jr.
President/CEO
Spanish Broadcasting System, Inc.
2601 South Bayshore Drive, PH II
Coconut Grove, Florida 33133
Telephone: (305) 441-6901

With a copy, which shall not constitute notice, to:

Jason L. Shrinsky, Esq.
Kaye Scholer LLP
901 15th Street, N.W.
Suite 1100
Washington, D.C. 20005
Telephone: (202) 682-3500

Any such notice, demand or request shall be deemed to have been duly delivered and received (i) on the date of personal delivery, or (ii) on the date of transmission, if sent by facsimile (but only if a hard copy is also sent by overnight courier), or (iii) on the date of receipt, if mailed by registered or

certified mail, postage prepaid and return receipt requested, or (iv) 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. Any party may, with written notice to the other, change the place for which all further notices to such party shall be sent. All costs and expenses for the delivery of notices hereunder shall be borne and paid for by the delivering party.

12.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Faxed copies of the Agreement and faxed signature pages shall be binding and effective as to all parties and may be used in lieu of the original Agreement, and, in particular, in lieu of original signatures, for any purpose whatsoever.

ARTICLE 13 **DEFINITIONS**

Unless otherwise stated in this Agreement, the following terms when used herein has the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

“*Agreement*” has the meaning set forth in the Preamble to this Agreement.

“*Assumed Contracts*” has the meaning set forth in Section 3.12(b).

“*Basket Amount*” has the meaning set forth in Section 10.3.

“*Cap*” has the meaning set forth in Section 10.3.

“*Certificate of Designation*” has the meaning set forth in Section 2.8.

“*Certificate of Merger*” has the meaning set forth in Section 1.3.

“*Closing*” and “*Closing Date*” have the meanings set forth in Section 1.2.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Common Stock*” has the meaning set forth in Section 2.8.

“*Communications Act*” means the Communications Act of 1934, as amended.

“*Company*” has the meaning set forth in the Preamble to this Agreement.

“*Company Stock*” has the meaning set forth in the Recitals to this Agreement.

“*Contracts*” has the meaning set forth in Section 3.12(a).

“*DGCL*” means the Delaware General Corporation Law.

“*DLLCA*” means the Delaware Limited Liability Company Act.

“*Effective Time*” has the meaning set forth in Section 1.3.

“*Encumbrance*” means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale or other title retention agreement, lease, defect in title, covenant or other restrictions of any kind.

“*Environmental Law*” has the meaning set forth in Section 3.21.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*FCC*” means the United States Federal Communications Commission.

“*FCC Application*” has the meaning set forth in Section 4.1.

“*FCC Consent*” has the meaning set forth in Section 4.1.

“*FCC Licenses*” has the meaning set forth in Section 3.8.

“*GAAP*” means generally accepted accounting principles, consistently applied.

“*Governmental Entity*” means any federal, state, local or foreign government, or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.

“*HSRA*” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“*Infinity*” has the meaning set forth in the Preamble to this Agreement.

“*Infinity Indemnitees*” has the meaning set forth in Section 10.2.

“*Infinity Material Adverse Effect*” has the meaning set forth in Section 3.1.

“*Infinity’s Trademarks and Logos*” has the meaning set forth in Section 5.12.

“*IRS*” means the United States Internal Revenue Service.

“*LMA*” has the meaning set forth in Section 5.2.

“*Losses*” has the meaning set forth in Section 10.1.

“*Material Adverse Effect*” means, with respect to any entity, any change, effect, event or occurrence that is materially adverse to the business, properties, assets, financial condition, results of operation or property of such entity, but no transaction expressly permitted under this Agreement, individually or in the aggregate, shall be deemed to have a Material Adverse Effect.

“*Merger*” has the meaning set forth in the Recitals to this Agreement.

“*Merger Stock*” has the meaning set forth in Section 3.15.

“*Merger Sub*” has the meaning set forth in the Preamble to this Agreement.

“*NASDAQ*” means The Nasdaq Stock Market, Inc.

“*Parent*” has the meaning set forth in Section 11.4.

“*Permitted Encumbrance*” means (i) Encumbrances for taxes not yet due and payable, (ii) such Encumbrances, easements, rights of way, building and use restrictions, exceptions, reservations and limitations that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station, and (iii) any items listed on Schedule 3.11.

“*Personal Property*” has the meaning set forth in Section 3.11.

“*Preferred Stock*” has the meaning set forth in Section 2.8.

“*Registration Rights Agreement*” has the meaning set forth in Section 5.10.

“*Sarbanes-Oxley Act*” has the meaning set forth in Section 2.5.

“*SBS*” has the meaning set forth in the Preamble to this Agreement.

“*SBS Class A Common Stock*” has the meaning set forth in Section 2.8.

“*SBS Class B Common Stock*” has the meaning set forth in Section 2.8.

“*SBS FCC Licenses*” has the meaning set forth in Section 2.10.

“*SBS Indemnities*” has the meaning set forth in Section 10.1.

“*SBS Material Adverse Effect*” has the meaning set forth in Section 2.1.

“*SBS SEC Documents*” has the meaning set forth in Section 2.5.

“*SBS Series C Preferred Stock*” has the meaning set forth in the Recitals to this Agreement.

“*SBS Subsidiary*” means any corporation or other organization, whether incorporated or unincorporated, (i) of which SBS or any other Subsidiary of SBS is a general partner or (ii) of which at least 50% of the securities or other interests having by their terms ordinary voting power to elect at least 50% of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by SBS, by any one or more of its Subsidiaries, or by SBS and one or more of its Subsidiaries.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Series A Preferred Stock*” has the meaning set forth in Section 2.8.

“*Series B Preferred Stock*” has the meaning set forth in Section 2.8.

“*Station*” has the meaning set forth in the Recitals to this Agreement.

“*Stockholder Agreement*” means that certain Stockholder Agreement of even date herewith among SBS, Infinity and Raul Alarcón, Jr.

“*Surviving Company*” has the meaning set forth in Section 1.1.

“*Taxes*” means (i) any and all taxes fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding ad valorem, stamp, transfer, value added, or gains taxes; and customs' duties, tariffs and similar charges and (ii) any obligations under any amendments or arrangements with respect to any Taxes described in clause (i) above.

“*Taxing Authority*” means any governmental authority, domestic or foreign, having jurisdiction over the assessment, determination, collection, or other imposition of any Tax.

“*Tax Returns*” means returns, reports and forms required to be filed with any Taxing Authority.

“*Total Voting Power*” has the meaning set forth in Section 2.13.

“*Warrant*” has the meaning set forth in Section 1.9.

[SIGNATURES ON PAGE IMMEDIATELY FOLLOWING]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

INFINITY MEDIA CORPORATION

By: Robert G. Freedline
Name: ROBERT G. FREEDLINE
Title: VICE PRESIDENT + TREASURER

INFINITY BROADCASTING CORPORATION OF
SAN FRANCISCO

By: Robert G. Freedline
Name: ROBERT G. FREEDLINE
Title: VICE PRESIDENT + TREASURER

SPANISH BROADCASTING SYSTEM, INC.

By: _____
Name:
Title:

SBS BAY AREA, LLC

By: _____
Name:
Title:

FOR PURPOSES OF SECTION 11.4 ONLY:

INFINITY BROADCASTING CORPORATION

By: Robert G. Freedline
Name: ROBERT G. FREEDLINE
Title: VICE PRESIDENT + TREASURER

MERGER AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

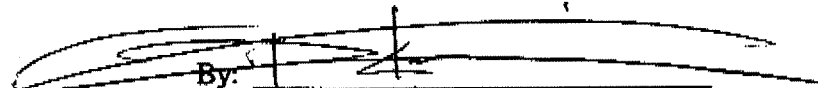
INFINITY MEDIA CORPORATION

By: _____
Name:
Title:

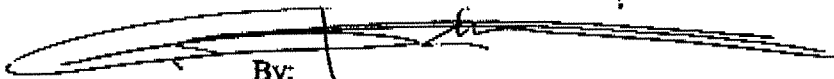
**INFINITY BROADCASTING CORPORATION OF
SAN FRANCISCO**

By: _____
Name:
Title:

SPANISH BROADCASTING SYSTEM, INC.

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

SBS BAY AREA, LLC

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

FOR PURPOSES OF SECTION 11.4 ONLY:

INFINITY BROADCASTING CORPORATION

By: _____
Name:
Title:

MERGER AGREEMENT