

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** is entered into this 19th day of August, 2015 (“Agreement”) by and between: (i) Spanish Broadcasting System Holding Company, Inc. (“SBSHC”) and Spanish Broadcasting System of Puerto Rico, Inc. (“SBSPR”) (hereinafter, collectively “SBS” unless denoted to the contrary), both corporations organized and existing under the laws of the Commonwealth of Puerto Rico, represented by Joseph A. García; and (ii) International Broadcasting Corp. (“IBC”), a corporation organized and existing under the laws of the Commonwealth of Puerto Rico, represented by Ángel Román, its President. SBS and IBC will be collectively referred as the “Parties”.

PRELIMINARY STATEMENT

WHEREAS, on September 1, 2014, the Parties executed the *Option and Asset Swap/Purchase Agreement* (“Contract”).¹

WHEREAS, the Federal Communications Commission (“FCC”) has adopted rules and procedures in order to conduct the broadcast television incentive auction (“BTIA”) authorized under Section 6403 of the Middle Class Tax Relief and Job Creation Act of 2012.

WHEREAS, on June 19, 2015, SBS provided written notice to IBC of exercise of the option under the Contract. IBC refused to comply with the requirements set forth in the Contract.

WHEREAS, IBC alleged that SBS’s purported exercise of the option did not comply with the terms of the Contract;

WHEREAS, on July 10, 2015, SBS filed a Complaint and an Urgent Motion for Provisional Remedies (collectively, “SBS’s Moving Papers”) before the Court of First Instance, San Juan Superior Part, Civil No. SJ2015CV00190 (“Civil Action”).

WHEREAS, the Parties desire to resolve their disputes over the Contract as articulated in SBS’s Moving Papers and the Civil Action without incurring any further time and expenses of litigation.

WHEREAS, during the provisional remedies hearing that took place on July 15, 2015 before the Court of First Instance, the Parties agreed on the principal terms and conditions in connection with the settlement of the Civil Action, which were stated for the record and are further expressed in this Agreement (the “Stipulation”).

WHEREAS, SBS and IBC wish to settle any and all claims and disputes pending in the Civil Action, as set forth in this Agreement.

¹ Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Contract.

TERMS

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings set forth, the Parties agree as follows:

1. All of the preceding WHEREAS clauses contain material terms and conditions of this Agreement and are incorporated by reference as if fully set forth here, and are binding as part of this Agreement.
2. If there are any inconsistencies between the terms and conditions contained in the Stipulation, and this Agreement or its Exhibits, the terms and conditions of the Stipulation shall prevail.
3. The Parties agree to proceed with the Closing (as defined in the Contract), under the terms of the Contract except as expressly amended in the Stipulation and this Agreement.
4. IBC and SBS will jointly file three (3) FCC Forms 314 applications with the FCC on or before August 14, 2015 in order to request FCC Consent to: (i) the assignment of the Television Authorizations (as defined in the Contract) from IBC to SBS, (ii) the assignment of the Radio Authorizations (as defined in the Contract) for WZET(FM) from WZET Licensing, Inc. to IBC, and (iii) the assignment of the Radio Authorizations for WIOA-FM and WIOC-FM from SBSHC, and will undertake any other filings or procedures consistent with the Contract as it pertains to the option exercised by SBS and IBC's rights thereunder.
5. Regardless of which Party is the licensee of the TV Authorizations at the time the BTIA commences, IBC will receive fifteen percent (15%) of any net compensation derived from the sale of the spectrum usage rights of the TV Authorizations through the BTIA, after deducting taxes and any other reasonable costs and expenses incurred associated with the sale (except attorneys' fees). SBS will receive the remaining eighty five percent (85%) of the net compensation.
6. IBC and SBS will effectuate the Closing (as defined in the Contract) of the swap transaction contemplated in the Contract within five (5) days from the date that the FCC issues its consent to the assignment of the TV Authorizations and the Radio Authorizations.
7. If the Closing does not occur prior to the FCC-designated deadline to submit applications to participate in the BTIA, IBC will submit applications to participate in the BTIA with respect to all three TV Authorizations. In such event, IBC will immediately appoint Mr. Raúl Alarcón as an Officer of IBC. Mr. Alarcón will have the exclusive and unfettered authority to decide the extent, form, nature, and manner in which IBC participates in the BTIA, including but not limited to the spectrum bid option that IBC selects from those made available by the FCC. Irrespective of the course of action that Mr. Alarcón decides for IBC in the BTIA, the Parties agree that the Closing will be completed for all the TV Authorizations, including their respective spectrum usage rights, that are not sold in the BTIA, or that are subject to change under the different bid options available in the BTIA.

8. The Parties will execute the First Amendment to the Contract, attached hereto as Exhibit A ("First Amendment"), to reflect the terms of this Agreement and the Stipulation. Except as expressly amended by virtue of this Agreement and the First Amendment, and the Stipulation, the Contract will remain unchanged and in full force and effect.

9. This Agreement shall be construed under the laws of the Commonwealth of Puerto Rico and the laws of the United States of America. Upon execution of this Agreement, the Parties shall file a joint notice of voluntary dismissal with prejudice of the Civil Action, without the imposition of cost, expenses and legal fees, and request that the Court of First Instance retain jurisdiction over this matter to entertain any claim arising out of, or relating to, this Agreement.

10. Each Party shall bear its own costs and attorneys' fees.

11. The Parties warrant that each has had a full and complete opportunity to consult with counsel of their choosing regarding this Agreement and the effects of this Agreement and that they have been advised by counsel in connection therewith. The Parties further represent and warrant that the consideration and terms and conditions of this Agreement have been negotiated at arm's length and entered into voluntarily. Moreover, the principle of construing a document most strictly against its drafter shall not apply with respect to the interpretation of this Agreement.

11. The undersigned warrant that they have full authority to enter into this Agreement and by their signatures bind the Party on whose behalf they have signed this Agreement.

12. This Agreement and its provisions cannot be amended, waived, or terminated, except by an instrument in writing signed by the Parties.

13. This Agreement may be executed in counterparts, each of which shall constitute one and same original instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective authorized officers as of the date first above written.

Spanish Broadcasting System
Holding Company, Inc.

By: Joseph A. Garcia

Date: Si. EUP

Spanish Broadcasting System
of Puerto Rico, Inc.

International Broadcasting Corp.

By: Angel O. Román López

Date: August 20, 2015

Exhibit A – First Amendment to Option and Asset Swap/Purchase Agreement

[to be provided]