

**SPANISH BROADCASTING SYSTEM, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The Compensation Committee (the “Compensation Committee” or the “Committee”) of the Board of Directors (the “Board”) of Spanish Broadcasting System, Inc. (the “Company”) shall discharge the Board’s responsibilities relating to compensation of the Company’s directors, chief executive officer (the “Chief Executive Officer”) and other Officers as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and oversee and approve the implementation of the Company’s incentive compensation plans and equity-based plans. The Compensation Committee also shall be responsible for preparing reports and reviewing disclosure on executive compensation included in the Company’s annual meeting proxy statement and other regulatory filings in accordance with applicable rules and regulations. In addition, the Compensation Committee will review and monitor management’s emergency succession plans.

**II. MEMBERSHIP**

The Compensation Committee shall consist of at least three members of the Board; *provided*, that if at any time there is a vacancy on the Compensation Committee and the remaining members meet all membership requirements, then the Compensation Committee may consist of two members until the earlier of the Company’s next annual Stockholders meeting or one year from the occurrence of the vacancy. All members of the Compensation Committee shall meet the independence requirements of the Nasdaq Stock Market, Inc. (or its successor) or such other market or exchange on which the Company’s securities are listed or quoted and any applicable legal requirements relevant to the proper administration of the Company’s compensation plans and programs, including the requirements that members qualify as “non-employee directors,” as defined in Rule 16b-3(b)(3)(i) under the Exchange Act and, that the members consist solely of “outside” directors, as defined in Treasury Regulation 1.162-27(e)(3) promulgated under the Internal Revenue Code of 1986, as amended (the “Code”).

The members of the Compensation Committee, including the Chair of the Compensation Committee, shall be appointed and replaced by the Board. The Compensation Committee members may be removed from the Compensation Committee, with or without cause, by the Board.

**III. MEETINGS, PROCEDURES AND FUNDING**

The Compensation Committee shall meet with the Chief Executive Officer at the start of each fiscal year to review his base salary and other compensation payable to him under his employment agreement (the “CEO Agreement”) and to determine whether it is in the best interest of the Company to increase or maintain such compensation for that fiscal year, consistent

with the terms of the CEO Agreement.

The Compensation Committee shall establish with Company management a means for Management to notify the Committee of any upcoming renewal and/or termination dates under the CEO Agreement. Before the date on which notice must be provided for the termination of the CEO Agreement, the Compensation Committee will determine whether it is desirable for the CEO Agreement to renew automatically in accordance with its terms. If the Compensation Committee determines that it is not desirable for the CEO Agreement to renew automatically or if it otherwise becomes necessary to renegotiate the terms of a new employment agreement with the Chief Executive Officer, the Compensation Committee will take appropriate steps including initiating, or authorizing counsel to initiate, negotiations with the Chief Executive Officer for the terms of a new employment agreement. In this case, the Compensation Committee will, among other things, meet with the Chief Executive Officer at appropriate times to review his performance and the terms of a new employment agreement including base salary level, incentive compensation (including performance targets triggering payout) and other benefits of employment.

If, at the beginning of a fiscal year, the Chief Executive Officer is employed by the Company without an effective employment agreement in force, the Compensation Committee will meet with the Chief Executive Officer at the beginning of the fiscal year to review his performance and, thereafter, shall approve his compensation program (including base salary level and incentive compensation) and other benefits of employment to be in effect for such fiscal year based on the decisions of the Compensation Committee.

In addition, the Compensation Committee shall meet with the Chief Executive Officer at the start of each fiscal year or more frequently as needed to review the performance of the Company's other Officers and their base salary levels, incentive compensation (including performance targets triggering payout, if any) and other benefits of employment payable to such Officers for that fiscal year and, thereafter shall approve any such program in its discretion.

The Compensation Committee shall also establish with Company management a means for Company Management to notify the Committee of any upcoming renewal and/or termination dates under the employment agreements for the Company's other Officers. Before the date on which notice must be provided for the termination of such employment agreements, the Compensation Committee will meet with the Chief Executive Officer to discuss the Chief Executive Officer's recommendations regarding the renewal or termination of such employment agreements. If the Compensation Committee determines that it is not desirable for the employment agreements to renew automatically or if it otherwise becomes necessary to renegotiate the terms of the employment agreements, the Compensation Committee will take appropriate steps including authorizing the Chief Executive Officer or Company counsel to initiate negotiations with the Officers for the terms of a new employment agreements.

If, at the beginning of a fiscal year, an Officer other than the Chief Executive Officer is employed by the Company without an effective employment agreement in force, the Compensation Committee and the Chief Executive Officer will meet at the beginning of the fiscal year to review the Officer's performance and, thereafter, the Compensation Committee shall approve the Officer's compensation program (including base salary level and incentive

compensation) and benefits to be in effect for such fiscal year in its discretion.

Additionally, the overall performance of the Company's employee benefit plans will be reviewed at least annually.

The Compensation Committee shall convene periodically as necessary to act upon any other matters within its jurisdiction under this Charter and the Company's Bylaws, and may take action by unanimous written consent at any time.

The Compensation Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Compensation Committee, attend any meeting to provide such information as the Compensation Committee requests. The Compensation Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.

The Compensation Committee shall have access to internal advisors and all other resources within the Company to assist it in carrying out its duties and responsibilities. The Compensation Committee shall have sole authority, and necessary funding, to retain, set compensation and retention terms for, and terminate any compensation consultants and other consultants, legal counsel or other advisors that the Compensation Committee determines to employ to assist it in the performance of its duties.

#### **IV. MINUTES**

Minutes shall be kept of each meeting of the Compensation Committee and will be provided to the Company's Secretary to be maintained in the Board's books and records and to be distributed by the Secretary to members of the Board. Any action of the Compensation Committee shall be subject to revision, modification, or rescission by the Board except where prohibited by law, regulation or listing standards.

#### **V. RESPONSIBILITIES**

The Compensation Committee's responsibilities shall be to:

1. Review and approve annually corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and set Chief Executive Officer compensation levels based on this evaluation consistent with Section III of this Charter. In determining the incentive component of the Chief Executive Officer's compensation, the Compensation Committee may among other things consider appropriate factors, such as the Company's performance and relative stockholder return, the value of similar incentive grants or awards to chief executive Officers at comparable companies, and the grants or awards given to the Chief Executive Officer in past years. The Chief Executive Officer shall not be present during Compensation Committee voting or deliberations regarding his or her own compensation.

2. Review and approve the CEO Agreement or other compensatory contracts or arrangements that are to be in effect with the Chief Executive Officer. Approve all perquisites, special cash payments and other special compensation and benefit arrangements for the Chief

Executive Officer other than those that are specifically provided under the terms of the CEO Agreement.

3. Review and approve any employment agreements or other compensatory contracts or arrangements which are to be in effect with the Company's other Officers or as requested by the Chief Executive Officer. Approve all perquisites, special cash payments and other special compensation and benefit arrangements for these Officers other than those that are specifically provided under the terms of employment agreements with such Officers.

4. Review with the Chief Executive Officer the corporate goals and objectives relevant to the Company's other Officers and the Chief Executive Officer's evaluation of the performance of the Company's other Officers and determine with the Chief Executive Officer, and recommend, where appropriate, Board approval of, the base salary levels and any incentive compensation based upon such performance and other factors as the Committee deems appropriate, consistent with Section III.

5. Review and approve the Company's long-term incentive plans (the "LTI Plans"), as well as grant any awards permitted under any future active equity plans of the Company ("Future Plans"). The Compensation Committee shall have authority to grant awards permitted under the LTI Plans or any Future Plans, notwithstanding that the Board has delegated authority to a separate committee or the Board has retained for itself authority to grant options, unless the Board action creating such committee or retaining such authority shall state that the Compensation Committee shall not have that authority.

6. Periodically review and approve compensation arrangements (including directors' fees and entitlement to benefits under LTI Plans) for the Company's directors, including members of the Committee, subject to approval by the Board. In addition, make any administrative determinations under any LTI Plan or other equity plan adopted by the Company to provide awards to Board members (a "Director Plan").

7. Approve amendments to the LTI Plans and any Future Plans for which shareholder approval is not required by law, regulation or listing standards, except that it shall not have the authority to increase the share reserve under any such plans. Regular administration of the LTI Plans and Future Plans shall be performed by Company management.

8. Review and provide recommendations to Company management regarding such of the Company's other employee benefit plans, profit-sharing program (whether payable on a current or deferred basis), and pension and other deferred compensation plans as shall be presented by Company Management to the Committee for review or the Committee shall in its discretion ask to review; provided that neither the Committee nor any of its member shall be considered to be acting as a fiduciary (as that term is defined in Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations promulgated and rulings issued thereunder ) for any such plan as a result of such review and recommendations. Administration and fiduciary services for these employee benefit plans shall be provided by Company management.

9. Approve separation packages and severance benefits for the Officers including the Chief Executive Officer, including salary and bonus continuation payments, vesting acceleration and extended post-employment exercise period for outstanding options, COBRA coverage at Company expense and outplacement services.

10. In reviewing and approving compensation payable to the Company's principal executive officer (as that term is defined under item 402 of Regulation S-K under the Exchange Act) and/or other three highest compensated Officers (as interpreted in IRS Notice 2007-49), the Committee shall consider whether such compensation is a deductible expense for the Company pursuant to Section 162(m) of the Code. If it is determined that all or a portion of such compensation is not deductible, the Committee will consider whether it is in the best interest of the Company to limit such compensation to amounts that are deductible to the Company or to pay the compensation even though the Company receives no offsetting income tax deduction. If Committee decides that it is in the best interest of the Company *not* to restrict compensation payable to such Officer or Officers to amounts that are deductible pursuant to Section 162(m) of the Code, the Committee will review disclosure of the nondeductible amounts in the Company's annual meeting proxy as required under rules issued by the Securities and Exchange Commission.

11. The Committee shall review and approve disclosure regarding compensation and benefit matters included in the periodic filings required by the governing rules and regulations of the Securities and Exchange Commission and NASDAQ Stock Market Inc. In addition, the Committee shall review and discuss with management the Company's Compensation Discussion and Analysis ("CDA") and recommend to the Board whether such CDA should be disclosed in the filings. Further, the Committee shall prepare any report required by applicable rules and regulations or listing standards, including the report required by the Securities and Exchange Commission to be included in the Company's annual proxy statement, or, if the Company does not file a proxy statement, in the Company's annual report filed on Form 10-K with the Securities and Exchange Commission.

12. Obtain such data or other resources as it deems necessary to perform its duties, including (without limitation) obtaining external consultant reports or published salary surveys, engaging independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Chief Executive Officer and the Company's other executive Officers and establishing a working budget with the Company for funding the related expenses.

13. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

14. Annually review and assess the performance of the Compensation Committee. In conducting the evaluation, the Compensation Committee shall address matters that it considers relevant to its performance, including at a minimum, the adequacy, appropriateness, and quality of the information and recommendations presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Compensation Committee were adequate for the Compensation Committee to complete its work in a thorough and thoughtful manner.

15. Report periodically to the Board on its meetings and other activities.

## **VI. MANAGEMENT SUCCESSION**

In addition, the Compensation Committee shall periodically review the Company's succession plan for the Chief Executive Officer.

Adopted by the Board of Directors on November 5, 2007.